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East Europe

- Soviet Policy toward East Europe—*Michael Kraus* 353
The Warsaw Treaty Organization—*Richard F. Staar* 357
Reform and Dissidence in Czechoslovakia—*Vladimir V. Kusin* 361
Nation versus Class in Yugoslavia—*Robin Alison Remington* 365
The Polish Road to the Abyss—*Arthur R. Rachwald* 369
Hungary: Before the Storm Breaks—*Ivan Volgyes* 373
East Germany's Economic Model—*Thomas A. Baylis* 377

- Book Reviews—*On East Europe* 382
The Month in Review—*Country by Country, Day by Day* 395
Map—*East Europe*—Inside Back Cover

Current History

FOUNDED IN 1914

NOVEMBER, 1987
VOLUME 86 NO. 523

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Current History

NOVEMBER, 1987

VOL. 86, NO. 523

This issue evaluates stability and change in the countries of East Europe. Our lead article notes that "For many East Europeans, Gorbachev's course offers a tantalizing prospect of a cultural thaw, of a less regimented and less censorious state, of more opportunities for private enterprise and initiative . . . and, perhaps, for greater access to the West and Western ideas."

Soviet Policy toward East Europe

BY MICHAEL KRAUS

Assistant Professor of Political Science, Middlebury College

FOR the past four decades, East Europe has been the linchpin of the Moscow-led economic and military alliance system and a source of recurrent crises endangering vital Soviet interests. Carved out of the war-ravaged Europe by the combined reach of the Red Army and Stalin's diplomacy, the new sphere of Soviet influence in East Europe was quickly transformed into a zone of imperial domination. By the early 1950's, Stalin's policies terrorized the local political elites and people alike, and exploited the region's economy.

Stalin's heirs inherited the underlying systemic crisis in East Europe. Confronted with the dual challenge of de-Stalinization and de-satellitization, Soviet Premier Nikita Khrushchev and Soviet President Leonid Brezhnev attempted to put Moscow's relations with East Europe on a more balanced basis, while maintaining firm limits on East European autonomy. They also sought to utilize the Council of Mutual Economic Assistance (CMEA) and the Warsaw Treaty Organization (WTO) as tools designed to integrate the region into a smoothly functioning outpost of Soviet influence. In the process, the nature of the intrabloc relations in ideological, political, military and economic terms has changed considerably.

Broadly speaking, if in the first postwar decade the

creation of the Soviet bloc enabled Moscow to maximize its domestic and foreign interests, in subsequent years the East European contribution to Soviet security, economic prosperity and internal stability has declined. Moreover, the quest for political stability on the part of Moscow and its client regimes has repeatedly been frustrated. From 1953 in East Berlin, to 1956 in Budapest and Warsaw, to 1968 in Prague, and again to 1970 and 1976 in Poland, movements of protest have testified to the continuing resilience of East European nationalism and the enduring resistance to sovietization.

In 1980, the rise of Solidarity in Poland ushered in the most broadly based challenge to Communist rule to date. Although in the ensuing confrontation between "the working class, Marx's irresistible force, and the party, Lenin's immovable object," the regime prevailed, it did so only by naked power. The crackdown in Poland, coming as it did in December, 1981, only after much prodding from Moscow, succeeded in arresting the Polish movement of national liberation. But it was a qualified success at best, for the event could not disguise the failure of the Brezhnev leadership to diagnose accurately the nature of the East European malaise. Solidarity's 16 months also marked the heyday of Soviet immobilism in most policy areas. By the early 1980's, East Europe had become the heaviest drain on Soviet resources, a debt-ridden, energy-short, energy-expensive region with stagnant economies, declining markets, dispirited populations, restive youth, and aging leaders.¹

Exit Brezhnev (and, following their brief tenure in office, Yuri Andropov and Konstantin Chernenko);² enter March, 1985, and Mikhail Gorbachev, the new General Secretary of the CPSU (Communist Party of

¹For a balanced and well-informed treatment of these issues, see Sarah Terry, ed., *Soviet Policy in Eastern Europe* (New Haven and London: Yale University Press, 1984), and Charles Gati, *Hungary and the Soviet Bloc* (Durham: Duke University Press, 1986).

²For an overview of the early 1980's, see Richard Staar, "Soviet Relations with East Europe," *Current History*, vol. 83, no. 496 (November, 1984); both this and the November, 1985, issue of *Current History*, vol. 84, no. 405, are wholly devoted to East Europe.

**Table 1. Real Gross National Product Growth
(in constant prices)
Average annual rate of growth**

	1961-65 ¹	1966-70 ¹	1971-75 ¹	1976-80 ¹	1981-85 ²	1981 ¹	1982 ¹	1983 ¹	1984 ¹	1985 ²	1986 ^{2*}
East Europe	3.9	3.8	4.9	1.9	1.2	-1.0	0.9	1.8	3.3	0.6	2.7
Bulgaria	6.4	5.1	4.7	1.0	0.9	2.7	3.2	-1.8	2.9	-3.3	2.2
Czechoslovakia	2.4	3.4	3.4	2.2	1.4	-0.5	2.0	1.5	2.7	0.4	1.5
GDR	2.9	3.1	3.5	2.3	1.7	2.0	-0.4	1.8	3.2	2.3	2.0
Hungary	3.9	3.0	3.3	2.0	0.9	0.7	3.7	-1.0	2.7	-2.5	1.4
Poland	4.5	4.0	6.5	0.7	1.2	-5.3	-1.0	4.9	3.4	1.1	2.9
Romania	5.4	4.9	6.7	3.9	2.0	0.2	2.6	0.0	4.6	0.9	5.7

Sources: ¹CIA Directorate of Intelligence, *Handbook of Economic Statistics* (Washington, DC: United States Government, 1986).

²L.W. International Financial Research, Research Project on National Income in East Central Europe, Occasional Paper no. 95, tables 1-61, 16-71 (New York, 1987). I am indebted to Gregor Lazarcik for providing the data.

*Preliminary figures.

the Soviet Union). Two years later, Romanian dissidents are calling for liberalization, invoking Gorbachev; many Czechs are studying his speeches as if they were samizdat material; and young rock fans in East Berlin shout his name in the same breath as they shout, "The Wall Must Go!" These incidents illustrate what is an unprecedented circumstance in the history of Soviet-East European relations: a Soviet leader with a genuine popular following among some segments of the East European public. It is no accident that the authorities in the East European countries received Moscow's new policies with a mixture of ambivalence, empty rhetoric and outright resistance.

In mid-1987, the process of Soviet reform has only begun to gather steam. Thus findings must still be tentative; and conclusions are hedged with reservations. Still, a preliminary assessment of the influence of Gorbachev's two and one-half years on East Europe is possible.

"History is on the move again in Soviet Russia," notes a keen observer of the Gorbachev scene.³ Indeed, whether measured by the personnel turnover, the loosening of censorship, the "thaw" in the arts, the candid admission of problems in virtually every area of social policy, or proposals for a structural reform of the economy and demands for political "democratization," in 1987 the Soviet Union has become a scene of policy change and a wide-ranging policy debate. It is a debate as much about the past—especially the Stalinist past—as it is about the future. At the center of the debate is the issue of how to reform the established political culture.⁴ The main antagonists are the advocates of reform and the defenders of the status quo.

By placing glasnost and perestroika, i.e., openness

³Robert C. Tucker, "Gorbachev and the Fight For Soviet Reform," *World Policy Journal* (Spring, 1987), p. 179.

⁴See Robert C. Tucker, *Political Culture and Leadership in Soviet Russia: From Lenin to Gorbachev* (New York: Norton Publishers, 1987), ch. 7.

⁵As Tucker points out, these terms are closer to Gorbachev's meaning of perestroika than what foreign observers call restructuring; *ibid.*, p. 155.

and reordering (or reformation)⁵ on the policy agenda, Gorbachev seeks to avert the prospect of a systemic decline of the Soviet Union in the coming decades. In the first year or so, the new leadership appeared largely preoccupied with authority building. But in the past year, Gorbachev's campaign for change has entered a new phase. In January, he linked the economic reorientation with political "democratization." He called for a choice of candidates and secret balloting in party elections, multiple nominations of candidates in elections to the local soviets, as well as elections of factory directors and other officials involved in the economy. The thrust of these proposals is to increase the involvement and the participation of the citizenry while making officials more responsive and responsible to the public.

At the June plenum of the Central Committee, Gorbachev demanded—and received approval—for "a radical reform" of the price system and of the centralized control of the economy, i.e., the building blocks of the Soviet system that many Western economists viewed as a test of how serious Moscow was about reform. In January, 1988, a new law on state enterprises will give factories more autonomy in setting their wages and plans.

In combination, the political and economic package outlined by Gorbachev and his advisers represents the most ambitious attempt yet to reform the statist Soviet system erected in the 1930's. But with the June plenum, as Gorbachev himself admitted, "the most difficult period of restructuring—the period of deeds"—began. Because vital interests of party bureaucrats, state officials, economic planners and factory managers as well as workers and peasants are at stake, there can be no doubt that a fierce political struggle about who gets what when and how lies ahead. Moreover, in June, 1988, an extraordinary all-union party conference will address the potentially explosive question of a perestroika of the ruling party itself, thus offering the possibility of replacement of many of the mostly Brezhnevite Central Committee members by Gorbachev loyalists.

Table 2. Soviet Trade with CMEA
(billion rubles)

	1970	1980	1985
Bulgaria	1.8	7.1	12.5
Hungary	1.5	5.7	9.4
Vietnam	.2	.6	1.5
GDR	3.3	9.2	15.2
Cuba	1.0	4.3	8.0
Mongolia	.2	.9	1.5
Poland	2.4	8.0	12.0
Romania	.9	2.8	4.2
Czechoslovakia	2.2	7.2	13.4
Total	13.5	45.8	77.7

Source: *Ekonomicheskaya gazeta*, no. 45, 1986.

Although it is an open question whether Gorbachev and his supporters can succeed, Soviet domestic reform has profound implications for East Europe. In the first place, Soviet interventionism in East Europe, especially in Czechoslovakia (1968) and (indirectly) in Poland (1980–1981) made it an axiom of mainstream East European thinking that no meaningful political-economic reform within the bloc was possible as long as an unreformed Soviet Union acted as the guardian of orthodoxy. In this sense, the reformist course embraced by Gorbachev introduces a new and critical factor into the Soviet–East European equation.

Gorbachev's consolidation of power has effected the advancement of new officials with responsibility for East Europe. At the top, the most important change came in the person of Vadim Medvedev, who was promoted to the post of Secretary of the CPSU Central Committee at the twenty-seventh party congress and was given the responsibility for the Department for Liaison with the Communist and Workers' Parties of the Socialist Countries. An economist by training and a corresponding member of the Academy of Science, Medvedev previously served in the Propaganda Department under Alexander Yakovlev, the architect of glasnost and a close ally of Gorbachev's. Since taking office, Medvedev has on several occasions invoked the East European experience with reform as providing useful lessons for Soviet "restructuring."⁶ He has also accompanied Gorbachev on his visits to the East European capitals, the groundwork for which was presumably prepared by his department.

Under Medvedev, several new section chiefs joined

⁶See, for example, his remarks to the correspondent of *Rude pravo*, February 19, 1987.

⁷See his *Sotsializm i budushchee* (Moscow, 1983), esp. parts one and three; see also Shakhnazarov's *Sotsialisticheskaiia sud'ba chelovechestva* (Moscow, 1978), and *Fiasko futurologii* (Moscow, 1980); for his view on electoral reform, see *Moscow News*, January 18–25, 1987.

⁸For a fuller analysis of this issue, see Michael Kraus, "Czechoslovakia and the Soviet Bloc: From Stalin to Gorbachev," in Cyril Black and Kenneth Oye, eds., *The Political Economy of Bloc Cohesion: NATO and the Warsaw Pact* (forthcoming).

the department, replacing more conservative holdovers from the Brezhnev era. Medvedev's new first deputy is Georgi Shakhnazarov, who has been, among other things, the president of the Soviet Political Science Association and the vice president of the International Political Association. Within prudent limits, Shakhnazarov has advocated "democratization," self-management, and more open information policy.⁷ Equally significant is the fact that Shakhnazarov replaced Oleg Rakhmanin, previously identified with critical attitudes toward reform in China and East Europe.

Many staff members of the Institute on the Economics of the World Socialist System, who have had considerable exposure over the years to economic reforms and experiments in East Europe and China, have also gained more influence in the last two years. This is true of the Institute director, Oleg Bogomolov. His appointment (under Andropov) to a Gosplan commission charged with the development of an enterprise incentive system was designed to facilitate the new Soviet effort to study the experience of other socialist countries. As a result, Soviet newspapers and specialized economic journals are filled with analyses of various economic experiments in East Europe and China. The pattern of the new appointments suggests that a more effective policy apparatus has been created, one that is likely to show greater policy flexibility.

PRODDING THE ALLIES

Following his attendance at the 1985–1986 Party Congresses in Bulgaria, East Germany, Hungary and Poland, Gorbachev pointedly skipped an appearance at the 1986 Czechoslovak gathering. With official visits to Prague in April and to Bucharest in June, 1987, the Soviet leader completed his East European itinerary. On both occasions, he called for an open discussion of the country's problems and implicitly criticized its economic performance. In Prague, he nudged his interlocutors toward reform. But his speech on perestroika and glasnost got no applause in Romania and merely prompted Romanian leader Nicolae Ceausescu to examine his wristwatch. Even less to Ceausescu's liking were Gorbachev's subtle references to Romania's mishandling of minorities.

But in the course of both journeys, Gorbachev balanced his advocacy of party-controlled change with elements of continuity. His pronouncements faithfully reflect the dilemma of Moscow's bloc policy today: the risks that a precipitous change in Czechoslovakia, for example, could release the pent-up forces of discontent, as had happened in 1968, must be weighed against the costs of Brezhnev-like immobilism.⁸ In brief, Gorbachev's message to the allies reads, "Move forward at your own pace, but for socialism's sake, move!"

To accommodate East European concerns, Soviet spokesmen have argued that Moscow is "not writing

prescriptions." But there is ample evidence to the contrary. Apart from the Warsaw Pact meetings at various levels, close Soviet-allied policy synchronization was evident in several instances this year. Led by Alexander Yakovlev and Anatoly Dobrynin, top bloc ideologues convened in Warsaw in January. In February, Medvedev met with East European journalists to explain how the CPSU prepared the January plenum, and in July he instructed them again on the implementation of the results of the plenum meeting of the June Soviet Central Committee meeting on "radical economic restructuring." Also in June, the bloc directors of academies of science met in Moscow, and the following month Medvedev and Vyacheslav Sychev, the CMEA Secretary General, conferred in Moscow with the heads of East European news agencies. The close supervision, supplemented by a series of bilateral talks, visits and exchanges, helps to account for the relatively effective Soviet-East European coordination at a time of rapid developments. The exception to the rule has been Romania, whose representatives have generally abstained from these gatherings.

Since 1985, the Soviet policy agenda in East Europe has been dominated by economic issues. Recognizing that economic performance is closely tied to stability in East Europe (and the Soviet Union), a number of Soviet commentators have argued that the slowdown of the early 1980's must be reversed, lest it cause "crises situations."⁹ Because the CMEA countries account for more than half of Soviet trade, Moscow's vital interests are also involved (see tables 1 and 2).

Beginning with the CMEA summit in 1984, the Soviet leaders have made it clear to their bloc trading partners that the continued flow of Soviet raw materials, especially energy, is contingent on the East European ability to supply both more and better quality machinery and equipment as well as food and consumer goods.¹⁰ During 1986-1987, Soviet spokesmen complained openly about the low quality of East European goods and argued that the Soviet market could no longer serve as a dumping ground for substandard products unacceptable to the West. Soviet demands, in effect, represent one form of pressure on the CMEA countries to adjust and develop their industries and exports.

Another and related lever of Soviet influence in the

⁹For a thorough discussion of a wider set of issues, see Ernst Kux, "Contradictions in Soviet Socialism," *Problems of Communism*, November-December, 1984.

¹⁰For an argument along these lines, see Oleg Bogomolov, "Soglasovanie ekonomicheskikh interesov i politiki pri sotsializme," *Kommunist*, no. 10 (1985).

¹¹See Jackson Diehl, "East Bloc Ventures Face Uncertainties," *Washington Post*, March 1, 1987.

¹²*Izvestia*, June 13, 1987.

¹³See Philip Hanson, "Converting the Inconvertible Ruble," *Radio Liberty Research* 281/87 (July 16, 1987).

direction of economic reformation in East Europe is CMEA integration. In May, 1985, Gorbachev met with the bloc Central Committee secretaries responsible for economic matters and urged them to harmonize their economic policies and pool their resources. The topic was also on the agenda of the CMEA summit meeting in Moscow in November, 1986. Soviet plans include a long-term program for scientific and technical cooperation, the establishment of direct enterprise links, and the creation of joint ventures. Partly with these objectives in mind, Moscow enacted a series of foreign trade reforms designed to decentralize the trade system in September, 1986. Soviet leaders have established a new Commission on Foreign Economic Relations, supervised by a Deputy Prime Minister, and have decentralized the export-import decisions of more than 20 ministries and 70 major associations. At the same time, "Measures to Perfect the Direction of Economic and Scientific-Technical Cooperation in Socialist Countries" were approved. As a result, Soviet factories now have the right to choose their socialist trading partners, conclude contracts and production cooperation agreements, and set prices.

Taking their cues from Moscow's effort to bridge the East-West technology gap via Western investors, the East Europeans have pursued joint East-West ventures as well. Although interest in the CMEA is formidable, so are the obstacles: rigid labor laws, tax and ownership regulations and, in particular, the non-convertibility of local currencies.¹¹ Significantly, in June, 1987, on the eve of the Central Committee plenum on the economy, Bogomolov pointed out that direct ties between the enterprises of different CMEA states can be effective only if the bloc creates a CMEA convertible currency.¹² This idea was seconded by Abel Aganbegyan, Gorbachev's top economic adviser, after the plenum.

Evidently, the notion of eventual ruble convertibility, first in the CMEA and then outside, is under serious consideration in Moscow. But as Western economists point out, the establishment of full convertibility requires a move toward a market economy and at least a partial removal of import controls—steps Moscow is unprepared to take now.¹³ Moreover, a government decree does not make a reform; this was evident in April, 1987, when on the eve of Gorbachev's visit to Prague, Nikolai Shishlin from the

(Continued on page 390)

Michael Kraus was a fellow of the American Council of Learned Societies and a post-doctoral fellow of the Harriman Institute for Advanced Study of the Soviet Union, Columbia University, in 1986-1987. He is the author of *The Soviet Union and Czechoslovakia, 1938-1948: The Foundations of Communist Rule* (New York: Oxford University Press, forthcoming).

“... the Soviet Union has announced that work is going forward on a mandate for future talks concerning conventional arms reductions between the Atlantic and the Urals. This seems to indicate that the Soviet Union is not really serious about negotiating a treaty that will reduce its preponderance of ground troops and air forces as well as military equipment in Central Europe.”

The Warsaw Treaty Organization

BY RICHARD F. STAAR

Coordinator, International Studies Program, Hoover Institution on War, Revolution and Peace

THE East European military alliance system has been in existence since May, 1955, when the original treaty was signed in Warsaw. Extended twice, it will remain in effect until the year 2005, unless it is abrogated earlier. The U.S.S.R. has repeatedly offered to dissolve the Warsaw Treaty Organization (WTO), if the North Atlantic Treaty Organization (NATO) is also dissolved.¹ Should this happen, the Soviet Union would continue to exercise military control over its client states through the network of bilateral treaties of friendship and cooperation as well as the status of forces agreements that provide for stationing its divisions in East Germany, Czechoslovakia, Hungary and Poland.

The Political Consultative Committee (PCC) constitutes, in theory, the highest decision-making organ of WTO. In actual fact, it is used by the Soviet Union as a platform from which to enunciate “allied” support and, at times, arms control initiatives. The PCC meeting in Budapest on June 10–11, 1986, issued a

¹The communiqué that extended WTO for another 20 years and made the offer to dissolve both treaties appeared in *Pravda* (Moscow), April 27, 1985. Marshal S. F. Akhromeev, ed., *Voennyye entsiklopedicheskiy slovar'*, 2nd ed. (Moscow: Voenizdat, 1986), carried two entries under “Warsaw Treaty” on pp. 110 and 111. For a review of recent English-language literature, see Robin Alison Remington, “Western Images of the Warsaw Pact,” *Problems of Communism*, vol. 36, no. 2 (March–April, 1987), pp. 69–80; John J. Karch, “Warsaw Treaty Organization,” in R. F. Staar, ed., *1986 Yearbook on International Communist Affairs* (Stanford: Hoover Institution Press, 1986), provides an annual survey of WTO developments.

²*Pravda*, June 12, 1986. Also published as a pamphlet, *Warsaw Treaty New Initiatives* (Moscow: Novosti Press Agency, 1986), especially pp. 4–12.

³East Berlin Radio, April 9, 1987, in Foreign Broadcast Information Service, April 10, 1987, p. BB–1 (hereafter FBIS); *Krasnaia zvezda* (Moscow), May 13, 1987, p. 3; Warsaw Radio, May 20, 1987, in FBIS, May 22, 1987, p. BB–1; *Washington Post*, May 28, 1987, p. A–27. Since the new Soviet leader's accession to power, about 25 different minor and major proposals have come out of the Soviet Union and/or East Europe. Douglas L. Clarke, “Arms Control and the Warsaw Pact,” *Radio Free Europe Research Report*, no. 89 (June 3, 1987), p. 1.

⁴*Pravda*, May 30, 1987, pp. 1–2.

major appeal to all West European governments, the United States and Canada for a reduction of their armed forces, and for a reduction of their conventional as well as tactical nuclear armaments; NATO and WTO would cut back their ground troops and tactical air by 500,000 men from each side through the early 1990's, approximately 25 percent of current levels.² The origin of this “new initiative” can be found in Soviet General Secretary Mikhail S. Gorbachev's earlier statement of April 18, 1986, when he suggested conventional force reductions that would extend from the Atlantic to the Urals.

Before the next PCC meeting, a plethora of proposals came from individual members of the Warsaw Pact. Czechoslovakia and East Germany offered to establish a 185-mile corridor between the territories of the two alliances in Central Europe, from which nuclear and chemical armaments would be banned; Romania appealed directly to NATO governments for a one- to two-year freeze on military expenditures; and Poland proposed a gradual withdrawal of tactical nuclear and conventional weapons as well as a change in military doctrine from offensive to defensive by both alliance systems.³

The Political Consultative Committee next met in East Berlin during May 28–29, 1987, and repeated all the foregoing. In addition, the final communiqué called for the elimination of all chemical armaments; the establishment in the Balkans of a zone free from nuclear and “chemical” weapons; and effective verification, including on-site inspection. It also announced the establishment of a special WTO commission for disarmament.⁴ Finally, a separate statement proclaimed WTO military doctrine to be defensive; it declared that Pact members would never start hostilities or use nuclear weapons first and that there are no bloc territorial claims either in Europe or elsewhere.

The most interesting passage from the statement on Warsaw Pact doctrine is the following:

The existing imbalances and asymmetries in certain types of armaments and armed forces and the search for ways of removing them on the basis of reductions by the side

Table 1: NATO-Warsaw Pact Comparison

No. Category	NATO	WTO
1. Division Equivalents	121	230
2. Main Battle Tanks	24,250	52,000
3. Antitank Guided Weapons Launchers	22,580	28,000
4. Artillery/Mortar/MRL	18,350	42,000
5. Armored Personnel Carriers/Fighting Vehicles	41,500	54,000
6. Attack Helicopters	1,250	970

Sources: U.S. Department of Defense, *Soviet Military Power 1987* (Washington, D.C.: The Department of Defense, 1987), p. 93. For other information, see "Warschauer Pakt Streitkraeftepotential," *IAP-Dienst* (Bonn), November, 1986, p. 28; "Warsaw Pact Forces in Europe," *Jane's Defence Weekly* (London), March 27, 1987, April 4, 1987, and April 11, 1987, in three parts; article by Heinz Vielain, *Welt am Sonntag* (Hamburg), May 31, 1987, p. 6.

that is ahead . . . could also be a subject of consultations.⁵

WTO remains superior in troop strength, tanks and three other categories of the six listed on table 1.

PROTRACTED MBFR TALKS

The so-called negotiations on Mutual and Balanced Force Reductions (MBFR) completed their fourteenth year in October, 1987, without even a mutually acceptable draft treaty. According to a Soviet spokesman, at plenary meetings "statements are read by the heads of the delegations of the direct participants in the Vienna negotiations and as a rule there is no exchange of opinions . . .," which suggests a continuing lack of any progress. Confirmation of Soviet duplicity has come from an East European defector

⁵Statement on WTO military doctrine in *ibid.*, May 31, 1987, p. 2. A translation into English appeared as part of a pamphlet, *Session of the Political Consultative Committee of the Warsaw Treaty States* (Dresden: Verlag Zeit im Bild, 1987), pp. 16-21.

⁶See R. F. Staar, "The MBFR Process and Its Prospects," in Staar, ed., *Arms Control: Myth Versus Reality* (Stanford: Hoover Institution Press, 1984), pp. 47-58. The quotation is from S.S. Babaevsky at the weekly press conference, transcribed in *MBFR Negotiations* (Vienna: PAA U.S. Delegation, May 14, 1987), p. 1; Colonel R. J. Kuklinski, "War Against the Nation," *Kultura* (April, 1987), p. 56.

⁷Warsaw Radio, February 17, 1987, in Joint Publications Research Service, EER 87-044, March 21, 1987, for the agreement on confidentiality; Moscow Radio, June 1, 1987, in FBIS, June 3, 1987, p. AA-6, for work on the mandate. See also David S. Yost, "Beyond MBFR: The Atlantic to the Urals Gambit," *Orbis*, vol. 31, no. 1 (Spring, 1987), pp. 99-134.

⁸Associated Press dispatch from Vienna in *The New York Times*, July 11, 1987, p. 3. For other Soviet criticism, see "At the Vienna Meeting," *Pravda*, July 15, 1987, p. 4. The MBFR recess was announced in *ibid.*, July 3, 1987, p. 4.

⁹N. V. Ogarkov, *Istoriia uchit' bditel'nosti* (Moscow: Voenizdat, 1985), p. 94.

¹⁰Information obtained by the author from conversations at NATO headquarters in Brussels during the summer of 1987.

who witnessed his superior receiving falsified military data from a general officer in Moscow for use at the MBFR meetings.⁶

Parallel to these talks, representatives from the 7 WTO and 16 NATO member states began separate meetings on February 17, 1987, rotating among different participant embassies in Vienna. Attendees are chairmen of each country's delegation to the review meeting of the Conference on Security and Cooperation in Europe (CSCE). Although the conversations were to be treated as confidential, the Soviet Union has announced that work is going forward on a mandate for future talks concerning conventional arms reductions between the Atlantic and the Urals.⁷ This seems to indicate that the Soviet Union is not really serious about negotiating a treaty that will reduce its preponderance of ground troops and air forces as well as military equipment in Central Europe.

Most recently, NATO submitted a formal proposal involving two sets of talks: the 35 CSCE government delegations would discuss verification, exchange of military information and observation maneuvers; and the same 23 MBFR member state representatives would concentrate on arms reductions in a new forum, covering an expanded geographic area. Unfortunately, neither of these latter changes guaranteed success, and a Soviet spokesman has already criticized the proposal for excluding the neutrals from the second forum. In the meantime, MBFR talks recessed until the end of September, 1987.⁸

At the same time that MBFR talks were being conducted, Warsaw Pact members were engaged in modernizing their armed forces. These developments coincided with the transfer of Marshal N. V. Ogarkov from chief of the Soviet armed forces general staff in Moscow to commander of the Western Theater of Military Operations (TVD—*Teatr voennykh deistvi*) soon after September, 1984. Thus, he had been given an opportunity to implement the recommendations that appeared in his latest monograph.⁹ The Western TVD includes parts of the Baltic, Belorussian, and Carpathian military districts of the U.S.S.R., most of Poland and Czechoslovakia as well as all of East Germany, and the Soviet troops stationed in those three countries. (See table 2 for the Warsaw Pact command structure.) It is worth noting that the Romanians apparently have no WTO joint command representative from Moscow as a resident in Bucharest.

Ogarkov supervised the 1985 maneuvers that included only troops from the three Soviet military districts mentioned above as well as Soviet forces stationed in Poland and East Germany (the GDR). These were Western TVD command exercises that excluded Polish and East German units.¹⁰ Ogarkov is on record as having asserted that conventional armed forces using high technology equipment, not nuclear weapons, will decide who wins future wars.

To be prepared, recent WTO maneuvers have included "Opal-87" in northwestern Poland, with 18,000 soldiers, from March 9 to 15, 1987. Toward the end of the same month, about 23,500 Soviet and 1,500 East German troops held joint exercises. Both sets of war games were attended by NATO observers. This was not the case during June 12–18, 1987, when Soviet and Hungarian staffs conducted a map exercise under the direction of WTO commander in chief Marshal V. G. Kulikov. The same exclusion applied to Soviet and East German maneuvers, which lasted eight days at the end of that month and included a total force of 15,000 men.¹¹

Two sets of bilateral war games subsequently took place as follows: Soviet troops stationed in Czechoslovakia and indigenous forces, totaling 17,000 men, maneuvered between July 15 and July 21 in Czechoslovakia; and about 25,000 Soviet and East German soldiers participated in military exercises on East German territory from July 26 to 31. Both included Western observers.¹² During the second half of July, coalition maneuvers code-named "Friendship-1987" were preceded by invitations to NATO countries.

A total of 26 military exercises have been announced for the calendar year 1987 by the Warsaw Pact, although only 7 are reportedly large enough to require Western observers; NATO will hold 16, of which 9 are scheduled to include more than 17,000 soldiers,¹³ which is the dividing line between reciprocally observed and nonobserved war games.

The mere fact that Soviet armed forces from the three westernmost military districts, as well as those "temporarily" stationed in two of the four East European countries, have undertaken combined arms maneuvers without participation by their allies raises the matter of confidence. A recent study concludes that the Soviet Union would face serious problems if it were to use Warsaw Pact armies in an offensive against NATO.¹⁴ The best equipped troops are in the northern tier (East Germany, Poland, Czechoslova-

Table 2: Warsaw Pact Command Structure

Name	Position	Citizenship
Soviet Union		
Marshal N. V. OGARKOV	Commander Western TVD	U.S.S.R.
Marshal V. G. KULIKOV	Commander WTO and 1st deputy defense minister	U.S.S.R.
Army General A. I. GRIBKOV	1st deputy commander WTO and chief of staff	U.S.S.R.
East Germany (GDR)		
Army General H. KESSLER	Defense minister	East Germany
Army General V. A. BELIKOV	CO, Soviet Forces in GDR	U.S.S.R.
Colonel General V. K. MERETSKOV	U.S.S.R. repr., WTO Joint Command	U.S.S.R.
Czechoslovakia		
Colonel General M. VACLAVIK	Defense minister	Czechoslovakia
Colonel General V. F. ERMAKOV	CO, Central Group of Soviet Forces	U.S.S.R.
Colonel General N. A. ZOTOV	U.S.S.R. repr., WTO Joint Command	U.S.S.R.
Hungary		
Colonel General F. KARPATI	Defense minister	Hungary
Colonel General A. A. DEMIDOV	CO, Southern Group of Soviet Forces	U.S.S.R.
Colonel General N. K. SIL'CHENKO	U.S.S.R. repr., WTO Joint Command	U.S.S.R.
Poland		
Army General F. SIWICKI	Defense minister	Poland
Lieutenant General I. I. KORBUTOV	CO, Northern Group of Soviet Forces	U.S.S.R.
Colonel General V. I. SIVENOK	U.S.S.R. repr., WTO Joint Command	U.S.S.R.
Bulgaria		
Army General D. DZHUROV	Defense minister	Bulgaria
Colonel General A. M. ZVARTSEV	U.S.S.R. repr., WTO Joint Command	U.S.S.R.
Romania		
General V. MILEA	Defense minister	Romania

Sources: Central Intelligence Agency, *USSR: Ministry of Defense Officials* (Washington, D.C.: Directorate of Intelligence, August, 1986), LDA 86-11139; Sergei Belitsky, comp., *Command of Military Districts, Groups of Forces, and Fleets of the USSR* (Munich: Radio Liberty Research, May 21, 1987), RL Supplement 4/87.

kia), but only East Germany spends almost as much per capita on defense as does the Soviet Union itself. (See table 3, which reflects official WTO figures.)

An interview with the chief of the political administration in the Czechoslovak armed forces elicited statements about the "low effectiveness of training compared with allocation of time" and "continuing problems regarding military conduct, discipline, and incorrect relationships." This last phenomenon includes "violence and sniffing of hallucinogenic substances."¹⁵

East European armed forces may not be completely

¹¹Warsaw Radio, March 4, 1987; FBIS, March 5, 1987, p. G-1 for "Opal 87." *Neues Deutschland* (East Berlin), March 26, 1987, and March 28–29, 1987, pp. 1–2, for East German maneuvers; Budapest Radio, June 19, 1987; FBIS, June 22, 1987, p. AA-1. East Berlin Radio, June 21, 1987; FBIS, June 22, 1987, p. G-1.

¹²Announced in *Pravda*, July 9, 1987, and July 18, 1987.

¹³Douglas L. Clarke, "A Review of Arms Control Developments," *Radio Free Europe Research Report*, no. 55 (April 3, 1987), p. 3, for the rest. The 17,000 cut-off appears under "Observation of Certain Military Activities," *Document of the Stockholm Conference*, September 19, 1986.

¹⁴Teresa Rakowska-Harmstone et al., *Warsaw Pact: The Question of Cohesion* (Ottawa: Department of National Defence, 1984), 3 vols. See also Alexander Alexiev and A. Ross Johnson, *East European Military Reliability* (Santa Monica: Rand Corporation, October, 1986), R-3480, p. 102.

¹⁵Interview by Pavel Hrabica, "We are Searching for New Ways," *Mlada fronta* (Prague), April 9, 1987, p. 3.

Table 3: Warsaw Pact Armed Forces, Early 1987

Country	Manpower				Equipment		Expenditures	
	Army	Air	Navy	Tanks	Combat Aircraft (including helicopters)	Vessels (including submarines)	Defense Budget 1986 (billion \$)	Est. GNP 1985 (billion \$)
Bulgaria	105,000	35,000	8,500	1,950	300	86	1,656	40.0
Czechoslovakia	145,000 (80,000)	56,000	—	3,500	468	—	4,426	96.0
East Germany	123,000 (380,000)	40,000	16,000	2,800 (1,600 storage)	407	142	6,865	126.0
Hungary	83,000 (65,000)	22,000	—	1,360	167	—	2,440	48.4
Poland	295,000 (40,000)	88,000	19,000	3,570	687	163	6,874	149.0
Romania	150,000	32,000	7,700	1,430	378	180	1,327	90.0
U.S.S.R.	1,991,000*	453,000**	451,000	52,000	5,150†	1,960	23,400	1,765.0

Sources: International Institute for Strategic Studies, *The Military Balance, 1986-1987* (London, November, 1986), pp. 31-54; U.S. Department of Defense, *Soviet Military Power, 1987* (Washington, D.C.: The Department of Defense, March, 1987), pp. 91-93. See also Keith Crane, *Military Spending in Eastern Europe* (Santa Monica, Cal.: Rand Corporation, May, 1987), especially tables.

*Note: Only 565,000 are located in Central and East Europe, as given in parentheses. Total also includes Soviet forces in the western military districts of the U.S.S.R. proper that would reinforce those deployed against NATO.

**excluding long-range Air Force

†tactical only

reliable, even for domestic repression. For example, under martial law in Poland after December, 1981, the indigenous military ruled by proxy for the Soviet Union. However, motorized "ZOMO" citizens' militia (police) units, rather than regular Polish army troops, engaged in suppressing demonstrations. During wartime, some 90 percent of the latter would be commanded by Soviet officers.¹⁶

In the event of a conflict with NATO, the armed forces of all WTO member states would come under direct Soviet military command. Only the current regime in Romania, where no Soviet troops are stationed, would resist such an arrangement.¹⁷ It is known that elite units from other East European armies have already been integrated with the second echelon, behind forward deployed Soviet troops in East Germany and Czechoslovakia. Warsaw Pact officers must be grad-

¹⁶None of this is reflected in the following recent Eastern books about the Warsaw Pact: Lieutenant General D. A. Volkogonov, ed., *Armii stran Varshavskogo Dogovora* (Moscow: Voenizdat, 1985), p. 224; Herbert Krolikowski et al., *Die Organisation des Warschauer Vertrages* (East Berlin: Staatsverlag der DDR, 1985), p. 336; Adam Marcinkowski, *Układ Warszawski* (Warsaw: Krajowa Agencja Wydawnicza, 1986), p. 248; I. I. Orlik, *Vneshniaia politika stran Varshavskogo Dogovora* (Moscow: Voenizdat, 1986), p. 320. On the subordination of Polish troops to the Soviet high command, see Kuklinski, op. cit., pp. 52-55.

¹⁷For the first time in 11 years, a Soviet leader went to Bucharest for a meeting with President Nicolae Ceausescu. Both the latter and Gorbachev looked grim in their official photograph in *Pravda*, May 26, 1987, p. 1. However, a solemn commemoration took place at Bucharest on the seventeenth anniversary of the Soviet-Romanian friendship treaty. Ibid., July 8, 1987, p. 5.

¹⁸Rakowska-Harmstone, op. cit., vol. I, p. xii.

uates of Soviet war colleges and speak Russian before they are considered for promotion to brigadier general or rear admiral rank, as mentioned in the Canadian study cited above.

Even after more than 30 years of Moscow-supplied training and indoctrination, the East European military is neither completely loyal to the U.S.S.R. nor efficient. If NATO armed forces were to cross the borders into Warsaw Pact territory, this would "trigger a collapse of the Communist regimes there . . . with repercussions in the western borderlands of the Soviet Union."¹⁸ The Soviet Union, of course, rules the military alliance by dividing it and by playing on ethnic animosities throughout the region. Finally, penetration of all WTO armies by security police has been developed extensively.

On the other hand, there appears to have been a notable lack of enthusiasm for emplacement of Soviet battlefield nuclear missile launchers in both East Germany and Czechoslovakia. These "enhanced-range theater missile complexes" are part of the modernization program being carried out by the Soviet Union, despite current negotiations in Vienna (MBFR) and
(Continued on page 387)

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"After 19 years of antireformist failure, with an aged and increasingly helpless leadership and a population that seems to have awakened from political apathy and demands a long-overdue change, the country is emerging from the doldrums."

Reform and Dissidence in Czechoslovakia

BY VLADIMIR V. KUSIN

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FOR the fourth time in its history, the Czechoslovak Communist party (CPCS) is experiencing a conflict between reform and Marxist orthodoxy. In 1929, a group of young activists led by Klement Gottwald swayed the party toward "bol-shevization" and forced it to relinquish the vestiges of social democratic attitudes. In 1947-1948, the party gave up the notion of a "Czechoslovak road to socialism" in favor of an unadulterated imitation of Stalinism. Finally, the Warsaw Pact invasion of 1968 brought an end to the attempted reformist repair of the system. In each of the three cases, the victory went to the hardliners and their patrons in Moscow.

The currently attempted fourth bite at the reformist apple is a paradoxical exercise. Moscow now waves the banner of reform while Prague balks; it is a novel experience for Czechoslovakia as it is for all East Europeans.

There was always something reactionary in the joint endeavor by Soviet President Leonid Brezhnev and Czechoslovak General Secretary Gustav Husak to reinstate orthodoxy in Czechoslovakia after they had vanquished the Prague Spring of 1968. They acted as if the only thing that mattered was to weed out an ideological heresy. The Prague Spring had, however, been more than just a deviation. The Czechoslovak reform plans—despite all the confusion and halfheartedness—derived from a better understanding than Moscow had of the economic, social and political challenges that ruling communism faced. The thwarting of Czechoslovak reformism in 1968 delayed the emergence of Moscow's own revisionist program.

REVERSING THE ECONOMIC REFORM

The termination of economic reformism was probably the greatest mistake made by the designers of "normalization." While a certain amount of ideological and political retribution would have been expected and accepted as a price the reformers had to pay to those who had prevailed over them, the concept of "normalization" did not have to include a full-fledged return to economic management by central command. It is not without interest that the man instructed to demonize economic reformism from the rostrum of

the seventeenth CPCS congress in 1971 was none other than Lubomir Strougal, then and now federal prime minister, who is currently seen as the chief promoter of Gorbachevism in Czechoslovakia.

The option of a capitalist-assisted modernization, taken by Poland in 1971, was never seriously considered by the Czechoslovak leaders. The "normalization" process was predicated, among other things, on a virulently anti-Western posture. Substantial loans and credits from the West would have been conceivable only in a reformist environment.

The economic maneuver chosen by the regime as a substitute for the discarded market-based reform entailed a three-year suppression of investment activities (1969-1971), with the simultaneous redirection of resources from "productive" to "nonproductive" sectors. At the same time, the Soviet Union allowed Czechoslovakia to increase imports from the East European CMEA (Council for Mutual Economic Assistance, COMECON) countries above the level of exports. From being a traditional creditor to the CMEA, Czechoslovakia became a debtor. The combined effect of these measures was the creation of conditions favorable to the consumer, offsetting the frustration brought about by the end of the reforms. This was a short-lived, stopgap maneuver, which was followed by an attempt to heat up the economy through a four-year investment binge.

Instead of restructuring itself, the Czechoslovak economy once again was forced into linear industrial expansion. Between 1972 and 1975, investment outlays rose by 8-9 percent annually and the ratio between investments and the net material product soared from 29 percent to over 35 percent. Because there was no market to regulate price levels, central subsidies rose from some korunas (Kcs) 3,500 million in 1968 to nearly Kcs 18,000 million in 1976. Foreign trade could not alleviate the new burdens; Czechoslovakia continued to lose its capacity to conduct gainful transactions with the outside world. By 1975, the balance stood at Kcs 4,000 million in Czechoslovakia's disfavor, compared with an overall surplus of Kcs 1,300 million in 1967, the last year unaffected by the Warsaw Pact military intervention and its consequences.

For a time, the consumer was for the most part spared the immediate effect of these microeconomic developments, but clouds were gathering on the horizon. Corruption and illicit economic practices began to gain momentum.

POLITICAL EXACERBATION

The leadership of General Secretary Gustav Husak, enthroned in April, 1969, took political and ideological repression too far. A round of severe purges in 1969 and 1970 affected close to one million people, party and nonparty members, holders of offices in the various apparats and their relatives. About 150,000 people chose to emigrate or not to return from foreign trips. They were all replaced by officials who had not been well trained for the posts now entrusted to them and whose qualifications often consisted of no more than political submissiveness. Those allowed to stay in positions of authority were intimidated into obedience. Political criteria became unashamedly decisive in new cadre-training schemes.

In addition to the personal tragedies caused by this gigantic upheaval, at a single stroke the ruling group rid itself of an entire generation of innovators and modernizers who had internalized reformism as an operational mode during the slow progress of change-orientation in the 1960's. Not only reforms, but reformers, too, were banished.

Ideological and cultural orthodoxy, reintroduced with a vengeance, exacerbated the situation. There was a general feeling of political disaffection, in marked contrast to the 1968 mood that had favored popular participation in the running of public affairs. The public responded to "normalization" by retreating into private pastimes and by engaging more and more in illicit economic practices. The consensus between the leadership and the population, as well as the professional competence of the cadre, was lost.

AMASSING ECONOMIC BURDENS

Beginning in 1975, Czechoslovakia (together with the other East European bloc countries) had to start absorbing large increases in Soviet oil prices. During the decade, the country doubled its oil purchases from the Soviet Union, but the total oil bill rose nearly 10 times. A ton of Soviet crude cost five times more in 1981 than in 1971. It proved impossible to offset the burden by corresponding increases of exports to the Soviet Union, though substantial resources had been allocated for the purpose and for direct Czechoslovak investments on Soviet territory. Oil-saving and "rationalization" campaigns also had little effect.

Instead of concentrating on energy-saving programs, the leadership made what appeared to be a bold and logical decision. It decided to launch a large-scale project of nuclear power generation, which was to include both the construction of power plants and

the domestic manufacture of reactors, some of which were to be sold to other bloc countries.

Under the impact of the enormously expensive nuclear energy plan, the overall investment program crumbled. By the end of the 1970's, some 30,000 industrial building sites stood half-finished, tying up capital to the value of some Kcs 525,000 million, one-fifth of all capital funds in the Czechoslovak national economy. Moreover, whatever investment could be turned into manufacturing capacities produced consistently less in output value than the volume of funds sunk into it. At the end of the decade, Czechoslovakia found it almost impossible to service its own expansion plans.

The leadership realized, but did not quite admit, that growth had become imaginary. Instead, simple preservation of the levels already attained occupied the center of the planning stage. Central planning lost the greater part of its economic usefulness. Neither the 1976–1980 nor the 1981–1985 quinquennial plans were fulfilled, and the 1986–1990 plan will almost certainly meet with the same fate. The five year plans no longer direct the economy even if the pretense is still maintained. Instead, the government has resorted to crisis management through an endless series of ad hoc decrees and adjustments that deviate from both the letter and the spirit of the quinquennial documents.

CONSENSUAL IMMOBILISM

Once the "normalization" leadership had stabilized itself in 1970–1971 on consensually antireformist premises, it became clear that any future personnel changes at the top would have to be marginal if the consensus were not to break. The CPCS leadership of the 1970's did not see modernization as its main objective, but aimed rather at the eradication of reformist tendencies. Underlying this objective was the belief that ruling communism, Soviet-style, would work satisfactorily only if the heretical deviation of reformism were removed.

As a result, the policies of the 1970's, first cleared with Moscow, largely rested on the lowest common denominator on which all members of the leadership could agree and which carried the least danger of disruption in the status quo.

It was only in the latter part of the 1970's, when economic deterioration became clear to everyone, that the faction around federal Prime Minister and party presidium member Lubomir Strougal began to propagate notions of change, possibly with an eye on the post-Brezhnev future of the failing system. Not only internal disagreement over the nature of "normalization," but dire economic pressure led to contention in the leadership. The latter years of the Brezhnev era revealed the limits of the "extensive" economic model and political stagnation with particular clarity. The search for new reformism began.

DISSENT: FROM DUBCEK TO CHARTER 77

The first openly dissenting action after 1968 came from individuals closely connected with the Prague Spring concepts and policies. The group that they formed, under the name of the Socialist Movement of Czechoslovak Citizens, was dissolved by the regime in 1971; a series of political trials followed in the summer of 1972. Subsequently, until 1977, no dissident organization was attempted, but the foundations of a large and differentiated samizdat activity were laid. Petitions and open letters to the authorities and to foreign cultural and political figures appeared with increasing frequency, mainly exposing the suppression of free speech and the persecution of persons associated with reformism. Hundreds of writers and scholars had been blacklisted. Many of them then began to issue typewritten short stories, essays, critical comments and even full-scale books.

The emergent dissident community included people of differing ideological persuasions who were soon looking for a platform that would be acceptable to all. Many ex-Communists abandoned their earlier party-related convictions under the impact of the Warsaw Pact invasion and its aftermath. They were ready and eager to cooperate with the more "integral" opponents of the system (including some religious activists), who had never been Communists, and with the disaffected younger generation who were led by the frustration of the post-Prague Spring developments to an acute sense of alienation. The differences in attitude among the various strands of dissent were gradually blurred, and it was only a matter of time before a common denominator would be found.

When Czechoslovakia ratified the United Nations covenants on economic, social, cultural and political rights in 1976, and when these covenants became part of the law of the land, a group of the most active dissidents founded Charter 77. Promulgated in January, 1977, it offered the widest possible platform, with its emphasis on the observation of human rights and its deliberate decision not to develop political programs. Several religious believers, including priests and pastors from whom the state had withdrawn the right to practice their vocation, joined the Charter at its inception. Shortly thereafter, under the influence of the election of a Polish Pope and the might of the Catholic Church in Poland, religious dissent began to grow and to include large numbers of young people. By the end of the 1970's, dissent represented a differentiated but cooperative community of critical activists which, by its very existence, countermanded the legitimacy of the regime.

1980-1985: SEARCHING FOR REFORM SUBSTITUTES

Economic inadequacy became more pronounced in

the early 1980's, and it was soon clear that the deficits created through the nonfulfillment of the key indicators in the sixth five year plan period (1976-1980) would leave subsequent periods with virtually insurmountable problems. The country's economy ceased to respond to commands from the center. Shortly, the leadership agreed that some kind of tinkering with the forms of central management would have to be undertaken after all; the eruption of the Polish crisis again instilled fears in the hardliners' hearts and minds.

The Czechoslovak leaders were among the harshest critics of Solidarity. They repeatedly assured their beleaguered Polish party comrades of their readiness to extend "fraternal assistance," and they invoked their own experience with what they had regarded as a threat to communism in 1968.

Inherent distrust of reforms of any kind (the word "reform" remained taboo in the Czechoslovak media until 1985-1986 and even now is only used sporadically), combined with the fear of the effects of the Polish chaos, led to a watering down of the principles of what became known as the Set of Measures to Improve Planning and Management, which took effect on January 1, 1981. Instead of being the first step toward a genuine reform, the Set of Measures turned out to be little more than a paltry attempt to tighten the criteria of economic conduct and to decrease the flow of central funds into a nonresponsive economy. Only indicators and procedures were to be changed, not the economic mechanism itself. Predictably, the Set of Measures sank into oblivion within less than a year. The years 1981 and 1982 turned out to be particularly bad. The country recorded negative growth and, in terms of used national income, did not attain the 1980 level until 1987.

AUSTERITY AND MOBILIZATION

For ideological reasons and with an eye to Poland, the government once again rejected the option of borrowing money in the West. Instead, a program of severe austerity and public expenditure cuts was ushered in via a series of emergency decrees. Plan quotas had to be repeatedly scaled down, and retail prices kept increasing. The party, which held its sixteenth congress in April, 1981, launched a saturation campaign of public mobilization and continued to reject the idea of a more comprehensive reform. To explain the evident economic failings, the leadership devised a formula explaining that the regime's policies had always been correct, but that their implementation had been hampered because of bad work on the part of the managerial class.

Economic deterioration continued throughout the rest of the 1981-1985 period. There were further price increases designed to siphon off money from the consumers' purchasing power. Inflation was estimated by Western observers to be running at over 8 percent

annually. Soviet oil deliveries became more expensive again and their quantity was cut by 10 percent in 1982, both because Moscow preferred to sell oil to the West for hard currency and because Czechoslovakia could not afford to pay the enormous bill. The leaders continued to preach frugality and greater physical and mental exertion, and great store was still set on closer party supervision of economic processes.

At the same time, some economists, who had been frustrated over the regime's handling of the Set of Measures, began to engage in a fairly lively debate about alternative solutions. The notion that a major reformist effort would have to be waged was slowly gaining currency, albeit still in a veiled form.

The die-hard nonreformist consensus in the leadership showed signs of wear and tear. There was certain trepidation among the leaders in Prague after Brezhnev's death and General Secretary Yuri Andropov's accession to power in the Kremlin. After all, the political status quo in Czechoslovakia during the 1970's had been closely supervised by the now-deceased Soviet General Secretary, and the CPCS leaders could rightly consider themselves Brezhnev's children. On the whole, however, the Soviet successions were weathered well; they probably even reinforced the school of thought that recommended conservative caution in anything undertaken domestically, lest the unexpected mobility in the Kremlin should cause problems.

In 1983, the CPCS issued a letter to all its branches, enjoining them to launch an anticorruption campaign in the Andropov mold, and the party gave full and vehement support to the Soviet peace offensives and retrenchments related to the INF (intermediate nuclear force) deployment in West Europe. In January, 1983, the Warsaw Pact held an antimissile summit in Prague; in June, 1983, the Czechoslovak capital hosted a large World Festival of Peace; and in October, 1983, the deployment in Czechoslovakia (and in East Germany) of Soviet "operational-tactical missiles with an enhanced range" was announced. According to Western estimates, about 65 such systems were eventually emplaced in the two countries.

In 1984 the Czechoslovak leadership turned emphatically against centrifugal tendencies in the bloc, especially the perceived East German and Hungarian deviations. Full support was given to Moscow's check on East German General Secretary Erich Honecker's policy of "damage limitation" and "security partnership" with West Germany. The notion that small and medium-sized nations could play a special role within the overall relationship between the superpowers was rejected out of hand.

DISSENT: DIVERSITY IN UNITY

The regime's intransigent attitude to all forms of domestic dissidence and challenge also remained unchanged. Some vicious sentences were meted out

in the early 1980's and a number of people were held in prison without trial for almost a year in the wake of the Polish crisis. At the same time, important developments took place inside the dissident community in response to the growing recognition that the regime and its system were sliding into a crisis.

The first half of the 1980's saw a marked increase in and consolidation of religious activism. Both institutionalized religion, above all the Catholic Church, and less clearly defined yearning for answers to existential questions were gaining strength. The influence of the Pope's active "Eastern Policy" and of the events in Poland, where the Church was seen salvaging the spiritual achievements of Solidarity during and after the martial law, was unmistakable. Frantisek Cardinal Tomasek, the Archbishop of Prague and Primate of the Czech Lands, rose to become the senior advocate of religious rights in a country where just about every area of ecclesiastical activity had been severely curtailed by a hostile state. The Vatican decided against a compromise in the matter of appointments to episcopal functions and issued (in March, 1982) a ruling to declare *Pacem in Terris*, the officially recognized organization of proregime clerics, out of bounds as a party to any agreement. With a severely depleted hierarchy and in the face of a recalcitrant regime, the Catholic religion drew mainly on popular support. Tens of thousands of believers began to take part in religious pilgrimages, especially in Slovakia, and religious interest among the younger generation spread quickly. Thousands of signatures were collected under petitions asking the government to invite the Pope to Czechoslovakia.

Charter 77 became a permanent feature of the Czechoslovak dissident scene; it started to widen the scope of its interest beyond its original human rights brief by issuing informed analyses of many of the social and economic ills plaguing the country. No separate ecological or peace movement emerged, perhaps because Charter 77 added these causes to its other concerns. Charter 77 pioneered the notion that a state that was not at peace with its own citizens could not aspire to play a truly peaceful part in international life. Peace and human rights were indivisible. The same platform was advocated by Cardinal Tomasek, and it also gained recognition in the West European peace movements, with which the Charter entered into a lively exchange despite differing views on many matters.

(Continued on page 383)

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"Undeniably, the outlook for ethnic harmony in Yugoslavia is bleak. Yet beneath the rhetoric, the admitted warts and the polemical charges that the system is on the verge of collapse, the post-Tito rotating collective teams have chalked up some solid accomplishments that should not be ignored."

Nation versus Class in Yugoslavia

BY ROBIN ALISON REMINGTON

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IN a sense, the Yugoslav experiment with socialist self-management as an alternative to the Soviet model epitomizes the dilemmas of political-economic reform facing the Soviet Union and East Europe. Thirty-five years ago, the Yugoslav road to socialism detoured sharply from Moscow's general laws of socialist development. Yugoslavia's search for an indigenous path led it in directions unthinkable to the party leaders who set about creating their own—to borrow from Robert Frost—"road less traveled by" at the 1952 sixth party congress. In 1987, there are scholars in and outside Yugoslavia who would argue that with Tito's passing, Yugoslavia became the only Communist political system in which not the state but the Communist party itself has "withered away." But to understand the present state of political reform in Yugoslavia, one has to keep in mind what the current rotating collective leadership inherited.¹

For a solid decade before Josip Broz Tito died on May 4, 1980, the godfather of Yugoslav communism struggled to stage-manage his own succession. There were the abortive constitutional amendments of 1971, the subsequent purge of powerful, "nationalistically minded" regional party leaders, the 1974 constitution and the streamlining of party-organization at the 1974 congress of the League of Communists of Yugoslavia (LCY). Tito was determined to leave behind one united Communist party; not eight regional parties socialist in form, national (ethnic) in content.

The tide was against him. The logic of arguing

national roads to socialism within the international Communist movement (an intrinsic logic of self-management as an alternative to Soviet centralism) had tipped the domestic balance of power away from the federal party and toward its territorially based branches in the republics and autonomous provinces. Thus the party itself unwittingly reopened that Pandora's box of national-ethnic politics that the Yugoslav leadership hoped to consign to the rubbish heap of history. The party hoped that the myth of partisan solidarity and class identities would emerge from day-to-day experience with socialist self-management in the economy and local government.²

As the luckless head of the League of Croatian Communists Central Committee (LCC) ideological commission bluntly put it:

He who is ready to accept the concept of Yugoslavia as a federative state composed of equal nations and national minorities, and not ready to discuss the LCY as a federation of national parties, shows his true attitude concerning the former concept. There cannot be a federation of equal, self-managing communities, if there are no possibilities for formation of the League of Communists both on the class and national basis.³

He was prophetic, notwithstanding the December, 1971, purge of the LCC leadership at Karadjordjevo. Indeed, with the 1978 eleventh LCY congress's reaffirmation of Kardelj's "pluralism of self-managing interests," the centralization-decentralization pendulum swung away from the federal center. President Tito's return to Leninism was at best a flirtation. His handpicked executive committee of the LCY presidium disappeared quietly in an atmosphere of personal adulation for the aging Yugoslav leader that obscured his organizational defeat. Once again, by giving the functional equivalent of permission for strengthening self-managing institutions, the LCY implicitly sanctioned the flow of federal power into the hands of republic-provincial party elites.⁴

Not surprisingly, the effort to cut back that power by increasing the authority of the communes and creating a new layer of self-managing institutions in the form of Basic Organizations of Associated Labor (BOALs) bogged down. This failure of the 1974 con-

¹Although my research benefited greatly from interviews in Yugoslavia during and after the thirteenth LCY party congress, June-July, 1987, none of the scholars and policymakers with whom I talked are responsible for the views expressed here. That fieldwork was made possible by a much appreciated grant from the University of Missouri-Columbia Graduate School Research Council.

²This is one of the founding myths of post-World War II Yugoslavia that Zaninovich correctly considers a "revitalized belief system." See M. George Zaninovich, *The Development of Socialist Yugoslavia* (Baltimore: Johns Hopkins Press, 1968), p. 44ff.

³*Vjesnik* (Zagreb), February 11, 1971.

⁴See Dennison I. Rusinow, *The Yugoslavia Experiment, 1948-1974* (London and Berkeley, Cal.: Royal Institute of International Affairs and University of California Press, 1977).

stitutional solution was not apparent while Tito lived. Rather, his personal authority gave a deceptive appearance of state and party unity. Deep-seated differences were brokered rather than settled.

In November, 1978, Tito added yet another political wrinkle; he demanded accelerated rotation cycles of all party presidents in commune and republic-provincial organizations, as well as at the top of the LCY. This "initiative" on collective work was meant to ensure that individuals with "unhealthy ambitions" or informal groups did not subvert collective leadership by establishing pockets of power, local fiefdoms in which genuine participation was prevented by a game of political musical chairs among prominent officials engaged in what Yugoslav critics attack as "horizontal rotation."

With this last domestic volley, Tito turned his attention to the world stage and spent the remainder of his active political life defending the "original, authentic principles of nonalignment" against Fidel Castro's challenge for leadership of the nonaligned movement.⁵ This was far more than a clash of personalities or generations, for the Cuban leader envisioned a very different political dynamic, within which the socialist countries should be considered the "natural allies" of the nonaligned. That interpretation, along with Babrak Karmal's insistence that Soviet troops were defending "real nonalignment" in Afghanistan, escalated these nonaligned polemics from a matter of ideological preference to an issue of Yugoslav security.⁶ That Tito held the line determined the foreign policy parameters of his successors, while limiting what in all probability would have been still other domestic initiatives.

Thus when Tito died, his successors had in place a complex, cumbersome political machinery of rotating party-state collective leadership that may well be the most elaborate quota system in the world. No one knew if it would work without Tito's hands-on management style approach.

Tito symbolized Yugoslavia. His personality cult had dwarfed other political leaders. Politically, the new collective leadership needed the Tito myth. Its legitimacy was rooted in the fact that this was the "Tito solution." When I returned to Yugoslavia the year after Tito died, his ritualized birthday celebration went on much as it had during my year as a visiting scholar at the Belgrade Institute of International Politics and Economics in 1970-1971. Teenagers paraded with Tito T-shirts, carrying signs: "After

⁵See Tito's address to the Sixth Non-Aligned Summit in Havana, September 4, 1979, in Josip Broz Tito, *Non-Alignment: The Conscience and Future of Mankind* (Belgrade, 1979), pp. 153-170.

⁶For Yugoslav reaction, see *Borba* (Belgrade), January 12, 1980.

⁷Pašić Open Letter to the LCY Presidium, *Politika* (Belgrade), September 29, 1982.

Tito, Tito." Buses traveled between Yugoslav cities with posters, "We are guarding Tito's Way." Tito's picture was prominently displayed, his devotion to Yugoslav brotherhood and unity celebrated in story and song.

Yet the organizational components of the Titoist solution worked against Yugoslav unity in the sense of national integration, favoring what critics have come to call a "parcelization" of power.⁷ There are four key elements:

1) The federalization of the LCY into nine parts (republic, province and the party organization in the Yugoslav armed forces); 2) an interrepublic consensus as the standard basis of decision-making; 3) territorial-ethnic keys applied to most political jobs at all levels; and 4) rotation schedules that link the concept of collective leadership to the deprofessionalization of politics in principle if not practice.

The creation of the Titoist solution in itself was an effort at political reform designed to make the transition from a system that for 35 years had combined expanding norms of political participation with dependence on charismatic authority to an institutional arrangement that reflected Yugoslavia's multinational reality—a system that could negotiate compromises rather than brokering them. But that is not what is meant by political reform as it is hotly debated in Yugoslavia these days. That debate is about how to make the Titoist solution work amid serious doubts as to whether it can work. Political reform is the search for an acceptable substitute for Tito's charismatic authority that retains sufficient political power to make and implement policies while Yugoslav politicians continue to jump on and off the merry-go-round of collective leadership.

THE ECONOMIC DIMENSION

If Tito's political legacy was ambiguous, it was clearly negative in economics. Like other East European leaders and the leaders of many developing countries in the 1970's, Tito had been tempted to take advantage of the willingness of Western bankers to recycle OPEC (Organization of Petroleum Exporting Countries) dollars in the form of substantial loans. As the debt grew, so did the anxiety of Yugoslav economists. Yet Tito viewed the devaluation of the dinar as a political act, and turned a deaf ear to the warnings. When he died, Tito left his successors some \$20 billion in Western debts. The heart of economic reform in post-Tito Yugoslavia has been how to handle the resulting financial crisis.

Within days of his death, Tito's successors devalued the dinar, and the all too familiar cycle began. The Yugoslav economy staggers under the burden of debt servicing. The International Monetary Fund (IMF) and Western bankers came to the rescue. Debts are rescheduled at the price of yet another austerity

program that continues the downhill slide of living standards for Yugoslav citizens, galloping inflation, and rising unemployment.

The basic framework of this scenario was set in 1983 when the Krajger Commission put forward an Economic Stabilization Program that established official priorities under IMF supervision. Yet gaps between policy and implementation remained. Political struggle continued between former Prime Minister Milka Planinc's drive to turn "market socialism" from a slogan into an economic instrument and entrenched opposition from those asked to pay the price. In short, the fundamental economic conflicts between the economic rationalizers and the opponents of the Economic Reform of 1966 once again emerged in circumstances where government credibility was painfully tied to navigating the ship of state according to unpopular IMF maps.

The results were actually better than might have been expected.⁸ In 1985, there had been a small favorable balance of trade; industrial production inched up; and tourists brought in 12 percent more of the hard currency needed to meet the country's debt-servicing obligations. The decline in the standard of living had reportedly been halted. The foreign debt had stabilized at \$19.7 billion.

That was good news for incoming Prime Minister Branko Mikulić. The bad news was that his debt-servicing obligations still required some 44 percent of total foreign currency. Bad weather had crippled agricultural production, while Yugoslav farmers suffered further reverses because of the political-economic fallout from the Chernobyl nuclear disaster in the Soviet Union. The sense of a lack of equity on the road to economic recovery had led to laws governing foreign currency that, from a Slovene and Croat perspective,

largely eliminated enterprise incentives and the ability to export. Moreover, as seen from below, the cost of economic stabilization was draconian. According to Yugoslav sources, the buying power of Yugoslav families has declined to a 1967 level.⁹ Despite all measures, inflation continued to rise, reaching an official 100 percent by the fall of 1986.¹⁰ An estimated 1.2 million Yugoslavs are unemployed.

Mikulić took over as head of government as the six-year period of IMF supervision of the Yugoslav economy came to an end; thus he has somewhat more room for economic maneuver than Planinc. The new Prime Minister set out to reduce inflation and increase the competitiveness of Yugoslav products on international markets. His economic package included devaluing the dinar again (by June, 1987, the ratio was roughly 540 to 1 US dollar), reducing interest rates to help struggling enterprises, and a four-month lag on price increases. Although officially he continued to stress market socialism, Mikulić was clearly willing to resort to administrative measures.

By fall the government was on the defensive. Inflation was up; exports had dropped 3.6 percent. Mikulić's philosophy that inflation was rooted in inflated wages that did not reflect productivity was flatly unpopular. His move to cut wages set off a wave of strikes and trade union opposition.¹¹ More labor unrest can be expected when the 1987 bankruptcy law goes into effect; conservative observers estimate that the law may close some 200 enterprises, putting as many as 31,000 Yugoslavs out of work.¹²

The 1987 budget suggested a 37 percent increase over 1986 spending, and Mikulić has reluctantly allowed interest rates to rise with inflation. There are voices inside and outside of government suggesting that not market socialism but private enterprise might be the answer, particularly for the agricultural sector. But whatever the eventual experiments in this direction may be, they are unlikely to break the vicious cycle between measures needed to make Yugoslav exports competitive and the relentless internal inflation.

In short, the dilemmas of economic and political reform in post-Tito Yugoslavia are Siamese twins, whose vital organs are hopelessly entangled in what for Yugoslav politicians must often seem an endless search for the least worst choice.

THE POLITICS OF REFORM:

The 1982 twelfth LCY party congress somewhat overoptimistically called the "congress of continuity" ratified the "Titoist solution," institutionalizing the search for consensus at the highest levels of the party, in federal structures and procedural rules. Yet the congress itself was bluntly critical of political performance.¹³ And in September, Najdan Pašić, a Central Committee member from Serbia, published an open letter to the LCY presidium calling for political

⁸For a first-rate analysis of the economic dilemmas see Chris Martin and Laura D'andrea Tyson, "Can Titoism Survive Tito? Economic Problems and Policy Choices Confronting Tito's Successors," in Pedro Ramet, ed., *Yugoslavia in the 1980s* (Boulder: Westview Press, 1985), pp. 184–200.

⁹*Ilustravana Politika*, March 4, 1986; Joint Publication Research Service (JPRS) translation, July 14, 1986.

¹⁰Notwithstanding Finance Secretary Svetozar Rikano- vić's claim to Yugoslavia's creditors that by the end of the year, the increase of retail prices had been held to 92 percent, by the summer of 1987 unofficial estimates of inflation were as high as 144 percent.

¹¹*Borba* (Belgrade), August 6–8, 1986. By March, 1987, an estimated 10,000 workers in some 70 enterprises were on strike, about half of them in Croatia. Speaking with West German reporters, Mikulić warned that "all means [including] the army would be used to defend the political system in our country." *The New York Times*, March 23, 1987.

¹²For in-depth analysis, see Milan Andrejevich, "Some Aspects of the New Bankruptcy Law," *Radio Free Europe* (RFE), June 29, 1987.

¹³See Dennison I. Rusinow, "Yugoslavia's First Post-Tito Party Congress: Part II, The Congress Copes," *Universities Field Staff International (UFSI) Report*, no. 40 (1982).

reform to overcome what he saw as a dangerous diffusion of power paralyzing the party and preventing effective policy-making of any kind.¹⁴

Pašić articulated Serbian impatience and frustration at the consequences of consensus-seeking. On one level, demands for political reform were demands for effective governance. On another, the demands were pure ethnic politics, a political tug-of-war between the northern republics—autonomous provinces, who were intent on keeping the expanded powers they had gained, and Serbian reformers, who saw limited recentralization as the only hope of reversing the federalization of Serbia itself.¹⁵

Within this context, the fate of Pašić's appeal for political reform is instructive. A 14-member working group was established to address the problem. Pašić himself was one of the members. The project took on an Alice-in-Wonderland quality. Subgroups proliferated. More than 200 academics, experts and policy-makers contributed to the "Critical Analysis of the Functioning of the Political System of Socialist Self-Management" finally circulated in January, 1986.¹⁶

After three years of work and untold hours of effort, the Critical Analysis became part of the problem rather than a solution. Opponents of existing decentralization could take some satisfaction in the sharp criticism of its weaknesses. Supporters of the Titoist solution were pleased that the rights of nations-republics were restated as a fundamental value. In general, Serbian reformers were bitterly disappointed. Not surprisingly, what was seen as the "fetishization" of constitutional arrangements in Serbia¹⁷ was welcomed as a commitment to the existing constitutional conception in Slovenia.

The Critical Analysis reflected the same substantive and procedural obstacles to decision-making that the working group had been established to investigate. The president of the Veteran's Federation Presidium was correct in his judgment that "this is [not] a scientific document based on Marxism, . . . [it] is a political document based on consensus."¹⁸ Those who drafted it agreed on many of the criticisms of the Titoist solution and remained deeply divided on what to do about it. The Critical Analysis stopped short of suggesting concrete reforms, because there was no

¹⁴*Politika* (Belgrade), September 29, 1982.

¹⁵Serbian LCY CC Recommendations, *Borba* (Belgrade), November 26, 1984.

¹⁶JPRS translation, March 5, 1986.

¹⁷*Nedeljne informativne novine* (NIN) (Belgrade), May 4, 1986.

¹⁸Foreign Broadcast Information Service, Belgrade Domestic Service, February 27, 1986.

¹⁹Serbian reformers support a third chamber which they see as representing class rather than national interests and as a method of overcoming the republic veto power implicit in the current system. Those who oppose it see this as a return to "unitarism" (the euphemism for Serbian hegemony).

²⁰Zarković speech to the 13th Congress, English language version in *Socialist Thought and Practice*, no. 6-7 (July, 1986).

agreement on the direction those reforms should take. Even the widely discussed idea of adding a Chamber of Associated Labor in the Federal Assembly was not in the final draft.¹⁹

Objectively, as a Marxist would say, the Critical Analysis supported decentralizers willing to tinker with but not operate on the Titoist solution. It set the stage for the June, 1986, thirteenth LCY congress in an atmosphere full of sound and fury that signified ongoing agonizing reappraisal.

For ordinary Yugoslavs this was a congress of low expectations that were fulfilled. There was much chest-beating; there were sharp exchanges in the six working commissions, and mountains of resolutions and exhortations. Commitment to reform was reaffirmed in the context of insistence that the legacy of the Yugoslav revolution could be achieved only by strengthening "national equality and working class power."²⁰ Yet there was no effort to come to grips with a working balance of power between national and class identities. Rather, the delegates went home with the ringing reassurance that self-management was not in crisis, only the inadequate mechanisms and methods of implementing the system.

In the post-congress period, the arena of the reform debate has shifted to a constitutional commission charged to put forward another round of constitutional amendments. By implication, this move supports the Serbian belief that a new approach is needed to relations between republics, provinces and the federal government. However, given the fact that opponents of constitutional change would have to agree to relinquish their present political turf, the prospects are not promising. Leaving aside the procedural difficulties, constitutional amendment is a slow process. Yugoslav projections are about two years. In the meantime, ethnic frustrations continue to escalate, exacerbated by rising prices and declining wages.

A backlash of Serbian nationalism fuels the Serbian reform platform. It centers on a visceral resentment that the Titoist solution has cut the heart out of historic Serbia by turning the Kosovo over to the Albanian majority of the province. Many Serbs believe that despite official disapproval, "those people" are making the place unfit to live in for the Serb-Montenegrin minority. There are charges of "genocide," Serbian petitions to the Federal Assembly, and the attempt of

(Continued on page 386)

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"The leading role of the Communist party in Poland is now a fiction. . . . With the exception of foreign policy and internal security matters, the authorities no longer determine the main direction of social development. In Poland, the Communist party has ceased to be the leading force and it is only a dominant force."

The Polish Road to the Abyss

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IN dislodging Solidarity six years ago, General Wojciech Jaruzelski discovered that the Poles might be easy to conquer, but that they are impossible to govern.* His task is particularly difficult because preserving the Communist regime requires the simultaneous suppression and promotion of reform. This inherently contradictory essence of Poland's social reality has produced a political immobilization that frustrates attempts to overcome the prolonged crisis.

Like other Communist governments facing stagnant economies and apathetic societies, the current regime in Poland is searching for ways to decouple politics and economics. It is determined to stimulate the economy with free market initiatives, yet it is unyielding in its intention to preserve the sovereignty of the Communist party. Consequently, neither the economy nor the political structure work efficiently, and the entire Polish Communist state is in a continuous decline.

The political scene in Poland is very complex. Martial law, which destroyed Solidarity in December, 1981, preserved the party. Internal security forces regulate much of Poland's internal life. However, the Communist party apparatus, undoubtedly the most corrupt and quarrelsome institution in Poland, has been spared from purges and thorough reform. As a result, the new regime must deal with a destructive factionalism that for decades has complicated Polish political life. When martial law ended and civilian authorities returned to power, old attitudes and patterns reemerged.

The party is again split into three main groups: liberals, centrists and hardliners. The liberals, who are sometimes called "revisionists," favor "socialist pluralism" and "Polish socialism." Only the distinctively Polish model of socialism, which would institutionalize ideological and political diversity, can provide stability and economic well-being. A stable and economically healthy country, according to the

liberals, would be more valuable to Moscow, and would contribute to, rather than upset, European security.

However, the liberals are trusted neither by the more orthodox Communists in Poland nor by Moscow. Because most of them are intellectuals and professionals, they are not likely to be inspired by ideology. Instead, they appear to act as patriots aware of geostrategic realities. As long as the "Yalta civilization" is kept together by Soviet military might, the liberals are willing to collaborate with the Communist state for the benefit of the nation. Thus, their political behavior is very inconsistent, always marking the limits of what is permissible at a particular moment. Their influence on the national level has been strong enough to give the Communist system in Poland a liberal tilt.

Hardliners, the Stalinists, stand at the other end of the political spectrum. Never popular nor numerically strong, this group continues the ideological tradition of the narrow-minded doctrinaires who opposed Poland's independence from Russia during World War I and enforced uncompromising totalitarianism when Stalin placed them in power at the end of the 1940's.

The Stalinists show little concern for social and economic reality in Poland or in the Soviet Union. They are stubbornly opposed to any compromise with indigenous social forces, favoring firm, repressive policies and a command economy. Known as the "conservative sectarians" who regard workers as "performers in a given scenario," the Stalinists are viewed in Poland as dangerous fanatics "ready to do battle for socialism down to the last worker, to destroy anything and anyone that stands in their way."¹

General Jaruzelski's politics fall between the liberal and Stalinist camps; for this reason alone, he might be called a centrist. Jaruzelski's leadership is characterized by enormous tactical flexibility, but it is neither ideologically original nor intellectually sophisticated. He is obsessed with preserving the pro-Soviet orientation of Poland: namely, membership in the Warsaw Pact and maintenance of the Communist monopoly of power. In the opinion of Jaruzelski, only a socialist Poland can be independent. In his own words:

Poland's place in Europe and in the world is unambig-

*Research for this article was partially funded by a United States Department of State grant under Title VIII. The author would like to thank Nicole M. Mull for her assistance in preparing this article for publishing.

¹*Tu i Teraz*, August 31, 1983.

uous and permanent. We are a socialist state fulfilling its political, economic, and diffusive aims within the allied unity of the Warsaw Pact and within the partner-like cooperation of the Council for Mutual Economic Assistance [CMEA]. Our party was, is, and will be the chief guarantee of the inviolability of this historic choice. No one can perform this duty for us.²

Since the socialist system and close ties with Moscow are regarded as the two most critical conditions for national security, General Jaruzelski has exhibited single-minded toughness in imposing the Communist superstructure on Poland. The enforcement of the party rule is regarded as a patriotic act that will shield Poland from Soviet invasion.

As far as the compulsory character of Poland's political framework is concerned, Jaruzelski is a full Stalinist, consistently rejecting the idea of socialist pluralism as a threat to national security. Moscow demands clear and unambiguous guarantees for its influence in Poland. The regime does not seek consensus in these matters and makes decisions independent of popular wishes. However, everything nonessential to the hegemonic role of the Communist party is negotiable and can be rearranged to satisfy national aspirations. This includes the economy (except defense-oriented industries), social and professional organizations, the press, relations with the Roman Catholic Church, and even the opposition. Jaruzelski is a liberal on almost any issue beneath the geostrategically imposed ceiling; his Poland is a hybrid of tolerance and totalitarianism.

Unlike the liberals who want to open up the political system, to increase public participation, and thus to motivate people to work, Jaruzelski's benevolence is dictated by the necessity to gain some degree of legitimacy among the Poles. He is not a closet liberal waiting for an opportunity to introduce democracy. After all, his background is Communist and military, so a garrison-like social order should be more logical for him than democracy. But Polish society can no longer be mobilized by purely coercive measures, and the bitter economic reality is forcing the regime to retreat.

The authorities are guided by the principle of "unity in versatility"—a creative adaptation of the Soviet model to Polish conditions. Specifically, Polish reality includes vocal opposition and a mixed public-private economic system, the dynamics of which favor private enterprises and services.

INFLUENCE OF THE CHURCH

Traditionally, the Church has been highly influential in a country where up to 95 percent of the people are Catholics and about 80 percent practice their religion regularly. In part, the Church owes its survival—

under a Communist regime pledged to eliminate all religions—to its skillful adaptation to changing internal conditions in Poland. State-Church relations fit the Polish classical pattern: coexistence despite differences. The Communist authorities' arrogance, usually expressed when the regime is under no extraordinary strain, gives way to a humble call for help during national emergencies. Since 1950, when the Church signed a treaty with the Communist government, it has slowly augmented its position as the only indigenous and independent social organization in Poland.

The appearance of Solidarity in August, 1980, temporarily shifted attention from the Church to the union as the principal opposition to Communism. The church regained its focal position when martial law was imposed. It proceeded very cautiously, prudently testing new limits of political tolerance. For about 18 months, the Church abstained from politics, directing its attention to individual cases of injustice. Only the younger radical priests confronted the regime more assertively.

A change in strategy came in the summer of 1983 during Pope John Paul II's second visit to Poland. The authorities agreed to his visit, counting on gaining a measure of legitimacy and perhaps the early lifting of economic sanctions imposed by the states of the West on the regime that had invaded its own nation. The Pope made it clear that he was visiting the Polish nation to help celebrate its second millennium of Christianity and to lecture the regime on the principles of democracy and freedom. Rejecting the official view that Poland's role in the current world is subordination to Soviet global ambitions and alien ideology, the Pope asserted that historically the Poles have always stood between East and West and that every political force has a moral duty to respect human rights.³

Rather than a traditional, businesslike approach to the authorities, the Pope has chosen moral grounds on which to scrutinize the Polish regime. Consequently, the Church has become the spokesman for civil rights, social justice and human dignity—sensitive topics for any Communist state. In addition to challenging the regime on universal principles of humanitarianism, the Church included a national touch in its campaign, accusing the party of disrespect for traditionally Polish values and political institutions, and implying that the Communists have no mandate to stay in power. The Communist monopoly of power violates the nation's right to self-determination.

The premeditated and unusually cruel murder of Father Jerzy Popieluszko by Polish internal security forces in the fall of 1984 dramatized the repressive nature of the Jaruzelski regime. It is still unknown who ordered the Mafia-style execution of this eloquent young priest and popular critic of the regime.

²*Trybuna Ludu*, October 15 and October 16, 1983.

³*Slowo Powszechne*, November 30, 1983.

His death became the best-known example of more than 100 similar assassinations in which the authorities claimed they were unable to find the perpetrators. Those accused of killing Father Popieluszko were low-level functionaries who claimed to have acted on their own initiative; thus no higher officials were implicated. However, the incident became symbolic of Polish state terrorism. To defend its image, the party promptly condemned the murder as a morally repulsive political provocation, unaware that it was accepting the challenge to judge official policy on moral grounds.⁴

The Church's political initiatives became more direct during the June, 1987, papal visit to Poland. The Pope endorsed Solidarity and the right of all working people to organize a free and independent union. Moreover, the Church asked for a fundamental change of the "very premises of the existing state organism," namely, the leading role of the Communist party—the most apparent cause of never-ending crisis.⁵ The Church has officially endorsed pluralism as the way to solve Poland's political and economic problems. Poland would never find internal peace, stated the Pontiff, without "a full respect for the differences that occur among people. That is solidarity, that is pluralism."⁶ The Church has publicly proclaimed its opposition to the Communist government and has asked the party to abdicate its political supremacy.

The leading role of the Communist party in Poland is now a fiction. The Communist party daily *Trybuna Ludu* admitted that the "Polish community is pluralistic."⁷ With the exception of foreign policy and internal security matters, the authorities no longer determine the main direction of social development. In Poland, the Communist party has ceased to be the leading force and it is only a dominant force.

Anti-Communist activities in Poland include various social groups known as the "democratic opposition."⁸ Martial law destroyed the organizational structure of Solidarity, and the regime is not confronted with a single, numerically impressive political foe. However, it has to cope with resistance from almost every social and professional organization, as well as from the leaders of the Solidarity union who, whether in prison, exiled, or free, never cease to pursue political activities.

The process of "normalization" that followed martial law was different from similar resumptions of the Soviet-like political processes adopted by Hungary after 1956 and by Czechoslovakia after 1968. Jaruzelski's sticks-and-carrots or arrests-and-amnesties strategy

was designed to intimidate the adversaries and reward the conformists. Amnesties for political prisoners became a routine component of the July 22 celebration of national independence from Nazi occupation. And as part of the same scheme, the most prominent leaders of the opposition were rearrested several weeks later. It was not until September, 1986, that the regime discontinued this cyclical pattern, realizing that the opposition would not be frightened into silence and that the economic cost of several hundred political prisoners was prohibitive.

Western nations consistently refused to provide Poland with new economic assistance as long as the human rights issue was unresolved. The authorities must have concluded that there was no realistic alternative to a tacit consent of illicit political activities, expecting that, under prevailing economic conditions, most Poles would be preoccupied with finding bread and butter rather than freedom of speech and assembly.

In 1976, a group of highly visible dissidents organized the Workers' Defense Committee (KOR) and, during the legal existence of Solidarity, provided the union with intellectual leadership. These dissidents are well known in the West as advocates of nonviolent opposition. Two of them, Adam Michnik and Zbigniew Bujak, were presented with the Robert F. Kennedy Human Rights Award.⁸ This is the second highest international recognition of a Solidarity leader, the first being the 1983 Nobel Peace Prize given to Solidarity leader Lech Walesa.

THE ALTERNATIVE SOCIETY

This outspoken group is only a tip of the iceberg. In Poland, these intellectuals are called the "alternative society," which includes many political organizations ranging from the pacifist movement Freedom and Peace that demands that Poland's military ties with the Soviet Union be terminated and advocates draft evasion, to the Confederation of Independent Poland (KPN), the declared objective of which is to overthrow the current political system and to restore an independent Polish commonwealth of nations composed of Poles, Lithuanians, White Russians and Ukrainians.⁹

In addition, the alternative society is comprised of underground publishing houses that print newspapers, magazines, and books sold to the public by clandestine distributors. NOVA, the most successful clandestine publishing house, can produce and distribute over 40 titles totaling 250,000 volumes per year, in addition to many smaller works. The regime has lost its information monopoly and even the official press in Poland is surprisingly candid. Only two areas—relations with the Soviet Union and pornography—are taboo and diligently censored. Another phenomenon of Polish socialism is the Catholic weekly *Tygodnik Powszechny*, published in Krakow. Independent of

⁴*Rzeczpospolita*, October 27 and October 28, 1984.

⁵*The Washington Post*, June 11, 1987.

⁶*The Washington Post*, June 12, 1987.

⁷*Trybuna Ludu*, October 10, 1986.

⁸*The Washington Post*, May 22, 1987.

⁹Radio Free Europe, Polish SR/6, April 4, 1986.

the regime and even the Church, for decades *Tygodnik* has provided analyses of domestic affairs, frequently criticizing the party in a manner unheard of in any other Communist state.

The alternative society also includes subterranean economic activities. No reliable statistics are available to assess the overall output of the unreported economic production and services, but typical households in Poland depend on private—reported and unreported—sources for up to 80 percent of their income and consumption. Illicit economic activities are so widespread that the authorities only occasionally publicize some excessive accumulation of wealth. The Polish press frequently reports the rapid decline of official control over the consumer-oriented sector of the national economy. With private agriculture, the private economy may contribute as much as 35 percent of the gross national product (GNP). The privatization of life is a rapidly expanding phenomenon in Poland; the main business of the government is to maintain the essentials of political power.

Poland is no longer a classical Communist state in which every socioeconomic activity, regardless of how minute, must be approved by the party. The present model is much like a hard lid—composed of police and internal security forces—placed on a society indifferent to its government. A conqueror-conquered relationship governs public and private affairs in Poland. The typical Polish citizen tries to limit his relations with the authorities, building instead his own network of social contacts. This indifference facilitates the political survival of the regime, but it precludes the mobilization of the society to overcome painful economic crises.

The nation's private sector proliferates despite various rules and official attitudes hindering its operation. Privately owned light industry contributes 35 percent of goods sold on the internal market, and 55 percent of all services are rendered by private entrepreneurs.¹⁰ In addition, about 80 percent of Poland's agrarian land is cultivated by independent farmers who produce close to 85 percent of all domestically grown foodstuffs. The most dynamic "outposts of capitalism" in Poland are the so-called *Polonia*: companies that, since 1978, have played a vital role in providing goods that otherwise would have to be imported and have earned some desperately needed hard currency. These small and medium-sized firms, formally financed by Polish nationals living abroad, were initially very successful, generating up to 80 percent returns on investment. During the last four years, however, they have declined in popularity, because of new government-imposed regulations and an 85 per-

cent income tax hike.¹¹ The Communist authorities still cannot overcome their ideological aversion to business, and although they recognize the necessity of a sound and profitable economy, they dislike any activity taking place outside direct administrative control.

ECONOMIC PROBLEMS

If the police methods deployed by General Jaruzelski succeeded in preserving the political facade of communism in Poland, its economic foundation continues to crumble. The political crisis that produced Solidarity had its roots in Poland's economic catastrophe at the end of the 1970's. After very rapid economic growth in the early and middle 1970's, Poland—artificially stimulated by heavy borrowing from the West—suffered an unprecedented decline, with a 30 percent reduction in the GNP.

The regime recognized the urgency of economic reforms but was (and is) reluctant to tamper with centralized planning. First, about 70 percent of all industrial production was exempted from experimentation to secure supplies for the military. Second, once the enterprises were granted fiscal flexibility, the regime raised prices and wages rather than productivity, triggering a 30 percent inflation. Third, the government continues to distribute raw materials, including energy, according to its political preference—energy-intensive heavy industry always comes first. The Soviet-like state cannot shift its priorities from political to economic, and the socialist sector of the national economy is incapable of reform.

The regime has admitted difficulties with economic reforms. At the tenth party congress in July, 1986, in Warsaw, it announced that it was necessary to move to the second economic stage, the objectives of which are identical to those of the first. So far, the idea of self-government, self-finance and self-sufficiency of state-owned enterprises is still wishful thinking. The economic prognosis continues to be pessimistic, with an expected minimal growth in the supply of Soviet oil, subsidies that have doubled in five years, and a decline in productivity.¹² Unable to preserve economic equilibrium, the regime reacts in the old, politically risky fashion—raising prices on basic foodstuffs. Over the past six years, food prices have risen nearly 500 percent, while wages have risen only 100–200 percent. On top of these economic problems is the enormous foreign debt, totaling about \$32 billion to Western countries and well over \$5 billion in transferable rubles to the Soviet-bloc states.

(Continued on page 384)

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¹⁰*Zolnierz Wolnosci*, August 28, 1986.

¹¹*The Washington Post*, August 23, 1984.

¹²*Christian Science Monitor*, July 14, 1986, and *Slowo Powszechne*, September 8, 1986.

"In fact, Hungarian society has become a Balkanized entity . . . characterized by one of the world's highest rates of alcoholism, divorce, suicide, abortion and heart attacks—all signs of a society under extreme stress. Under such circumstances, a society cannot deliver the high performance needed for modernization."

Hungary: Before the Storm Breaks

BY IVAN VOLGYES

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FOR those who still remember the summer of 1956, the scene was strikingly familiar. The Communist party was in disarray and the state apparatus was unable to effect any changes. The ruling elite sat back awaiting disaster, unwilling to make any moves. The people were grumbling, dissatisfied and demoralized, because of their continually worsening standard of living and their inability to regain control over their own destiny. An "omniscient leader" was once again desperately holding on to power, hoping somehow to ride out the gathering storm.

This was not 1956, however, but 1987. The "omniscient leader" was not a Stalinist, Matyas Rakosi, but a liberal, Janos Kadar, who has led Hungary since the crushed revolution of 1956 to a life-style that was touted by Western journalists—until a few months ago—as the "freest" and "finest" in the socialist bloc. Only the people, the passive subjects, have not changed; they still have little or no influence on the policies the party elites impose on them.

Once again, Hungary baffles most Western analysts. How could a country that seemed so "free, content, vibrant, dynamic and a modern example of mixed socialism" slip to the edge of the abyss in just a few months?¹ How could an economic miracle that many once compared to the German *wirtschaftswunder* of an earlier era fall apart so quickly? And how could a seemingly overwhelming consensus suddenly melt away?

It is clear that the process of disintegration has not just begun; today's economic morass is rooted in the past, just as the political devolution of power occurred gradually. But all the negative changes are tied to interrelated phenomena: the crisis of the economic system; the disintegration of the centralized state apparatus; the disarray of the party; and the malaise of the society. Together, these phenomena have thrust

¹For early warnings of the coming crisis, see Ivan Volgyes, "Ungarn: Steht eine Krise bevor?" *Osteuropa*, May, 1987, pp. 329–338.

²Readers might enjoy seeing cautionary articles on Hungary by the author in past issues of *Current History*: "Socialism with a Nervous Tick" (November, 1982), "Kadar's Hungary in the Twilight Era" (November, 1984), and "A Malaise Thinly Disguised" (November, 1985).

Hungary into the most precarious position it has experienced since 1956.

THE ECONOMIC CRISIS

Hungary's economy was the first major socialist system in the Warsaw Pact to experiment with a devolution from the centralist model. The goals of the New Economic Mechanism (NEM) that was instituted in 1968 were the abolition of centralized planning; the combination of enterprise independence with well-defined national control; the creation of a mixture of private and socialist ownership; the freedom of pricing from rigid state controls (and thus the creation of a "realistic" market characterized by general abundance); and the integration of the economy to a significant degree with that of the West. While evaluating the progress of Hungary's economic devolution, one must remember that the reform was not conceived as a "unit" with well-defined goals that were consistently implemented, and that the reform was not a continuous, uninterrupted process, but one that proceeded step by step, sometimes even moving backwards. The reversals that occurred during 1972–1974 and the great stagnation that took place between 1972 and 1979 were, consequently, just as much a part of the reforms as were the dynamic period between 1968 and 1972, the slow improvement in 1979–1983 and the tendency toward accelerated development that has been taking place in the last four years.

In fact, the NEM has been partially successful.² Centralized planning directives were slowly abolished, although the allocation of most resources was still centralized. While planning was reduced to a minimum by socialist standards, control over the flow of exports, imports and raw materials was still a bureaucratic exercise, cumbersome and often irrational. The introduction of unemployment—normal for an economy undergoing the radical restructuring necessary in a system where heavy industrial production must give way to more modern structures—was coupled with heavy, planned subsidies, instead of allowing the unemployed to become independent producers. Hence, the plan still supported huge and inefficient industries.

Enterprises, theoretically, were freed from centralized control; many were allowed to hire their own managers. But the state refused to extend this new freedom to the most significant enterprises, and informal levels of control were maintained. The largest firms, especially, continued to act as if they were waiting for a well-defined task. Thus, they continued to operate in the absence of

the three fundamental conditions necessary for entrepreneurship: the choice of economic activities based on profit, the capacity to endure failure as a result of unsuccessful economic activities, and the clarification of the borders and limits of responsibility for failures, for both individuals and policies. . . .³

The creation of a private-socialist market was one of the regime's more ambitious goals. The regime encouraged small-scale producers, on the one hand, and encouraged individuals to work in the "second economy," on the other.⁴ While there were notable successes (especially among units that were supported in some form by the state), the most successful entrepreneurial units—those owned by a few individuals or a single entrepreneur—have continued to suffer discrimination. The state has acted through its fiscal arms; the party has followed its ideology and allowed successful individuals to play only secondary roles; and the society has applied an egalitarian mythos against the individual entrepreneur. At the same time, individuals were allowed to supplement their income through employment in the second economy. By 1986, 75 percent of all active employees were engaged in some aspect of the second economy and drew 50 percent of their income from secondary employment. Those who were engaged in such activities increased their average work week from 44 to 72 hours; nonetheless, because of the tremendous inflation rates of the 1980's (20 percent at least in 1987), work in the second economy became necessary for survival.⁵

The rampant inflation of the last five years brought some prices to a true market value. But for the vast majority, it resulted in tremendous hardship. The problem caused by withdrawing state price subsidies (and thus attempting to reach market-price equilibrium) was twofold. On the one hand, the state was obligated by its treaty obligations to ship to the nations of COMECON (Council of Mutual Economic Assistance, or CEMA) goods that could not be pro-

duced in Hungary as cheaply as they were sold on the CEMA market. The state has been forced to continue to support the prices of goods produced by unprofitable, large firms, while withdrawing price supports from most consumer goods and services. Thus, Hungary has vastly exceeded its already unbalanced budget; instead of the planned deficit of 23 billion forints for 1986, it racked up a deficit of 47 billion forints.

On the other hand, freeing prices could not create a dynamic economy because of the nature of the socialist economy. Apparently, free-market prices can operate only in an economy that is largely characterized by abundance, or by the ability and capacity to create goods that will supply whatever is lacking. Socialist economies, however, as Janos Kornai has observed, are characterized by scarcity: scarcity is apparently endemic to the very operation of the socialist system.⁶ Hence, scarcity skews the "real" price.

Finally, Hungary has been unsuccessful in integrating itself with the Western economy; today its debt-service ratio is one of the highest in the world and in 1987 it faces the necessity of rescheduling, the resulting loss of future loans, and financial chaos. Because of the unwise use of loans, the enormous changes in oil prices—both in the East and the West—and the complete stoppage of investments, however, the expected technical and technological restructuring has not occurred. Today Hungary is at the mercy of Western bankers demanding repayment, and it is also at the mercy of both Eastern and Western economies.

The Eastern economy, particularly the Soviet economy, demands increased participation in joint ventures—for example, the building of new pipelines in exchange for more energy carriers. The Western economy contracts only for low-technology transfer to Hungary while Hungary's only hope for survival and for development lies in participation in the high-technology revolution. Caught between the Scylla of increasing exploitation because of Soviet demands for ever greater participation in CEMA projects and the Charybdis of keeping up with technological modernization in the West, Hungary's economic planners seem to be unable to opt for either alternative.

All the problems that resulted from the NEM caused domestic prices to skyrocket, brought about two-digit inflation and resulted in a highly visible decline in the level of living for the sixth year in a row. The two devaluations of the forint in 1986–1987 led to a tremendous erosion of consumer spending power; today, no more than 5–10 percent of the population is capable of spending anything on nonessentials. The promises of a "better future" ring hollow for those on retirement incomes who are increasingly impoverished, and for young people who need to secure their own apartments, which will cost at least fifteen times their gross annual income. The dream of a vibrant,

³Terez Laky, "Eloszlott mitoszok—tetova szandekok," *Valóság*, vol. 7 (1987), pp. 44–46.

⁴Ivan T. Berend, "Kozossegi tulajdon—magantevekenyseg—szocializmus," *Magyar Nemzet*, December 24, 1986, p. 3.

⁵Istvan R. Gabor, "Masodik gazdasag: a magyar tapasztalatok altalanositathatonak tuno tanulsagai," *Valóság*, vol. 2 (1985), pp. 20–37; "Elveteli megfontolasok," *Heti Világgazdaság*, July 25, 1987, p. 53.

⁶Janos Kornai, *A hiány* (Budapest: Kozgazdasagi es Jogi Kiado, 1980).

successful socialist structure with a dynamic and modern economy has been shattered for the “planners” and the “people.”

DISINTEGRATION OF THE STATE APPARATUS

The continuing devolution of the state apparatus is as responsible for Hungary's current problems as economic mismanagement: the two are, in fact, closely related. It was the political-administrative elite that refused to make the decisions that would result in meaningful changes, although it realized that by not making these crucial decisions, it was limiting the scope of the reform through its own inaction.

The state administrative apparatus has always been ambivalent about the reform. Prime Minister Gyorgy Lazar came into office vowing to undo the enormous changes that were characteristic of the reform's early phase. From 1975 until his removal in June, 1987, Lazar acted like a caretaker. As a result of the NEM, central directions were devalued and lessened in importance in all but the military and police fields. In the absence of centralized control, the state apparatus degenerated into a multifaceted series of little fiefdoms, which acted as a hindrance to the achievement of centralized legislative or executive decisions.

Occasionally, the lack of a centralized power base favored the reformers. For example, in April, 1987, Minister of Finance Peter Medgyessy grew tired of the “reformist lobby” in the Institute of Financial Research, the ministry's own internal organ. Citing financial exigencies, he gave an order for its dismemberment. However, the various lobbies that opposed the ministry's decision (including scholars, reform-oriented Cabinet ministers, powerful executives of the Hungarian National Bank and the newly formed participants in the Hungarian stock market) forced him to rescind his order.

THE PARTY IN CRISIS

Signs of apathy and enfeeblement have appeared at all levels of the Hungarian Socialist Workers party. In many of the local cells, perfunctory party meetings are held once or twice a year. Party secretaries literally beg party members to show up in order to meet a quorum. Ordinary party members in contemporary Hungary do not have special privileges, and are returning their party-membership books or letting their memberships quietly expire. As a result of the party's internal devolution, the necessity of party membership has become largely irrelevant to most members of society.

The party's disorganization and disintegration are most evident in the contest for Kadar's mantle as party

leader. Kadar (now 75) has aged tremendously over the past year. Unable to initiate or implement much needed policy changes, he refuses to retire. He seems to be unconcerned with the gravity of Hungary's problems, concentrating on his own power position. Bolstered by the old guard (Gyorgy Lazar, Gyorgy Aczel, Sandor Gaspar and Karoly Nemeth), all of whom depend on Kadar's goodwill for the positions they hold, Kadar remains an isolated escutcheon.

His refusal to acknowledge the crisis has caused concern among his close associates. As Csaba Hamori, a Politburo member, observed recently: “the option for a decent way to retire has not been made available in Hungary to date.”⁷ Personnel changes that took place at the end of June, 1987, seem more cosmetic than real. Power remained vested effectively with Kadar, who shifted former Prime Minister Lazar to party General Secretary, and offered the position of State Presidency to his former deputy, Karoly Nemeth. Although Karoly Grosz, one of the main contenders for power, became Prime Minister in July, 1987, he is known to have taken that position only after it was forced on him; the real power continues to rest with Kadar. Even the elevation of Janos Berecz—reputedly Kadar's personal favorite as his successor—to a full seat on the Politburo does not seem to alter the position of the aging elite.

Unfortunately, neither Grosz nor Berecz offers different policy alternatives. Although they have clashed repeatedly over the timing and extent of reform policies, neither has an alternative political platform. Grosz is viewed as a centralizer and a tough administrator and is thought to accept structural unemployment as a condition necessary for a functioning, efficient and modern economy.

PRESSURES FOR CHANGE: SOCIETY EMBATTLED

Are there any alternative programs for real change? For the first time since 1956, Hungary seems to be out of sync with the Soviet leadership. While Soviet General Secretary Mikhail Gorbachev appears to have moved in the direction of real reform—even going so far as to indicate that Hungary's road is a model for the U.S.S.R.—the Hungarian elite seems opposed to further reform.⁸ Gorbachev, apparently, respects Hungary's elder statesmen, even if he might like younger, more energetic men to rule in Hungary. Above all, Gorbachev desires stability in East Europe, and he is not going to threaten that stability. Just as he has not interfered to bring greater liberalization or to insist on more *glasnost* in Romania, Czechoslovakia or East Germany, he is not likely to insist on changes in Hungary.

While the reformers cannot expect outside help, Hungary's embattled society does indeed offer some hope for change. Potential sources of domestic change emanate from society at large. During the last 20 years,

⁷Csaba Hamori in “Hatvanhat,” Budapest Television, June 6, 1987.

⁸See Pavel Bovin's article on the attractiveness of the Hungarian model in *Literaturnaia Gazeta*, June 10, 1987.

Hungarians have managed to attain the highest level of living in East Europe; they regard certain luxuries and freedoms as necessities. During the last eight years, however, most Hungarians have suffered a decline in living standards, with only a very thin stratum managing to grow richer. As the percentage of those with an income below the official poverty level approaches 40 percent (among whose ranks one finds the elderly, the newlyweds, single-parent families, and the dispossessed), the resentment of the "have-nots" begins to affect the morals and morale of society at large.⁹ In fact, Hungarian society has become a Balkanized entity: an unwelcome gift from the East. Corrupt to its very roots, it is characterized by one of the world's highest rates of alcoholism, divorce, suicide, abortion and heart attacks—all signs of a society under extreme stress. Under such circumstances, a society cannot deliver the high performance needed for modernization. But it can and does act as a check on the more ambitious or extreme policies of the regime. At the same time, however, society's articulated demands can also become a basis for the renewal of reform—if its energies could only be properly harnessed.

Another element that could work for change comes from the working class. The new, unpopular, progressive income tax system is scheduled to be introduced in January, 1988, and the continuous price rises of recent years have resulted in extreme anger, even fury, among the workers. Fearful of losing their safe working places, their easy work, and their supposedly exalted position as the bulwark of the regime, the working class has accelerated the slow sabotage of recent years and violence has begun to appear. The torching of the Microelectronic factory in 1986 and of three enterprises at Szombathely recently were deliberate acts of arson; the handbills spread around Budapest and Szombathely warned the regime, "If you raise the prices, we'll burn down the factories!" While national strikes or acts of arson on a large scale will lead to increased police activity, they will also force the party, eventually, to act.

Perhaps more positive pressure for change will come from those who still believe that the present system can be reformed. These are people who are grouped in a reformist lobby, led by reform economists and even supported by some dissident intellectuals outside the party. Last year, their views were articulated in a study prepared under the aegis of the Patriotic People's Front and entitled "Turning Point and Reform" (*fordulat es reform*). In the economic-political part of the program, the authors advocate the marketization of the economy and the pluralization of the political

system. The reformers gain their support from the widest strata of society, including the dissidents, the dissatisfied youth, the environmentalists and the spreading religious "basic communities," as well as from the "liberals" within the party and the intellectuals at large. While it is true that the intellectuals would also like to support a revitalization of the party—as a preliminary to the revitalization of society—the demands for change seem to have already outstripped the party's available options. The attempt of the Communist Youth League (KISz), for example, to lead the reform movement by adopting the reform's major premises in its official program, "Our Future Is at Stake!" (*Jovonk a tet!*), has failed miserably, mainly because people simply viewed the KISz's efforts as a "party program" of a bankrupt organization that no longer has any *raison d'être*.¹⁰

WHITHER HUNGARY?

If the reform alternatives are not implemented and the economic situation drastically worsens, where is Hungary heading? The options are few. A reaffirmation of centralized economic management and the application of firm administrative measures could only prolong the party's rule, through a greater resort to force. Beyond that, the outcome is likely to be a continuing decline in Hungary's standard of living, in per capita gross national product (GNP), in economic development, and in international economic and financial standing.

At present, a restructuring program that goes beyond current policies does not appear to be politically feasible. The reformers seem to suffer from a double political handicap. On the one hand, they are blamed by many of those whose standards of living have dropped significantly during the last decade. Many Hungarians view the reformers as haughty beneficiaries of the changes, who have—to use the bitter bon mot attributed to Tamas Bacsikai, deputy director of the Hungarian National Bank—become "dizzy with their failures." On the other hand, the reformers are unable to find a respected and able leader who could lead them against the already embattled gerontocracy of the party. Their hopes for the emergence of such a leader have been quashed on two fronts recently. In the first place, the reformers' expectation that Imre Pozsgay, general secretary of the PPF, or Rezso Nyers, one of the architects of the NEM, would be given positions of power within the Politburo was frustrated by the recent personnel changes. And in the second place, the recent crackdown against the more

(Continued on page 389)

⁹It is worthwhile to note that in 1987 in Hungary the average wage was 6,000 forints per month, but the poverty level was defined at 4,800 forints!

¹⁰Otlet, June 25, 1987; Magyar Ifjusag, May 29, 1987; and A jovo mernoke, May 15, 1987.

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"East Germany has been remarkably successful in carrying out enough changes in its economic system to permit it to adapt to changing technologies and international circumstances without unleashing irresistible pressures for fundamental political change. How long it will be able to continue to do so is less clear."

East Germany's Economic Model

BY THOMAS A. BAYLIS

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THREE propositions concerning economic reform in East Europe are so widely shared by Western analysts and many East European reformers that they can be said to constitute the conventional wisdom on the subject.* The first holds that the economic problems of East Europe are deep-seated and cannot be resolved without the implementation of basic reforms. The second argues that genuine reform must go far beyond institutional tinkering; it requires the replacement of central planning and bureaucratic controls by market forces as the primary determinants of economic outcomes. The third insists that economic reforms cannot succeed unless they are accompanied by fundamental political reforms. Perhaps the most celebrated recent advocate of the third proposition, however, is Soviet General Secretary Mikhail Gorbachev.

The conventional wisdom is not wrong simply by virtue of being conventional. But the experience of the German Democratic Republic (GDR) suggests that the three propositions are not beyond challenge and deserve more critical scrutiny than they have normally received. The GDR is easily the most prosperous of the East European states and, while East-West comparisons of living standards are problematic, the GDR's estimated gross national product (GNP) per

capita substantially exceeds those of Britain and Italy. During the first half of the 1980's, the GDR weathered the effects of the second "oil shock" and the East European liquidity crisis more easily than its Council for Mutual Economic Assistance (CMEA) allies, sharply reducing its hard currency debt and reporting a solid rate of produced national income (PNI) growth for the period.¹ Yet, except for a brief and—at least according to the current official assessment—unsuccessful experiment with reform in the 1960's, the GDR has repeatedly proclaimed its loyalty to the precepts of the centrally planned and directed economy.² The term "reform" has vanished from the East German vocabulary.

In the current, Gorbachev-inspired reform discussions in East Europe, the GDR, in the dubious company of Romania, appears to be rapidly becoming the odd man out. Even Czechoslovakia, following the example of the U.S.S.R. and joining Bulgaria, Poland, and Hungary, has announced a broad program of reform, albeit one scheduled to take effect only over a period of years. The GDR claims to have already carried out significant measures of economic reorganization, which it characterizes as the "perfecting [*Vervollkommnung*] of the planning mechanism." Moreover, GDR leaders suggest that their economy's very success demonstrates that the country has no need to risk fundamental changes in its economic strategy.

Soviet officials, for their part, have explicitly praised the GDR economic example, particularly the development of industrial *Kombinate* (combines). Gorbachev himself singled out the GDR for praise in speeches in mid-1985, although interestingly enough these flattering references were eliminated in the version published in book form.³ Some Western commentators contended that Gorbachev's own economic reforms—at least those that had been announced through late 1986—were much closer to the GDR "model" than to, say, the Hungarian one.⁴ GDR economists have expressed some resentment that the GDR's economic course has aroused so much less interest in the West than the Hungarian reforms.⁵

What particularly distinguishes the GDR's position from reform discussions in the U.S.S.R., Hungary,

*This article is an abbreviated version of a paper delivered at the 1987 annual meeting of the American Political Science Association, September 3–6, 1987. Copyright © 1987 by the American Political Science Association.

¹See Thomas Baylis, "Explaining the GDR's Economic Strategy," *International Organization*, vol. 40 (Spring, 1986), pp. 381–420; Michael Keren, "Consumer Prices in the GDR Since 1950," *Soviet Studies*, vol. 39 (April, 1987), pp. 263–265.

²See Günter Mittag, "Leitung, Planung und wirtschaftliche Rechnungsführung in der Volkswirtschaft der DDR," *Einheit*, vol. 41 (1986), pp. 876–883.

³Walter Süß, "Kein Vorbild für die DDR? Die sowjetischen Reformbemühungen aus der Sicht der SED," *Deutschland Archiv*, vol. 19 (September, 1986), p. 985.

⁴Philip Hanson, "The Shape of Gorbachev's Economic Reform," *Soviet Economy*, vol. 2 (October–December, 1986), pp. 318 and 322.

⁵See the remarks of Wolfgang Heinrichs in Irwin L. Collier, Jr., ed., *Workshop on the GDR Economy: Proceedings* (Washington, D.C.: American Institute for Contemporary German Studies, 1986), p. 73.

and elsewhere, is the complete absence of any mention of political or social reforms as necessary to economic restructuring. The concept of *glasnost*, for example, has been ignored by the GDR media, even though ordinary East Germans are well-informed through Western radio and television reports about its application in the Soviet Union. Gorbachev's speech at the January, 1987, CPSU (Communist party of the Soviet Union) Central Committee plenum, with its proposal for competitive intra-party and local governmental elections, appeared only in summary form in *Neues Deutschland*.⁶ The GDR has similarly ignored Soviet proposals for greater enterprise democracy. General Secretary Erich Honecker has warmly endorsed Gorbachev's foreign policy initiatives, but has largely passed over his domestic proposals and stressed that each socialist society must act in accordance with its own distinctive needs and stage of development.⁷

THE "NEW ECONOMIC SYSTEM"

East Germany's view of proposals for economic reform is colored by its experience as a pioneer of such reforms in the 1960's. In the fall of 1962, Socialist Unity party (SED) First Secretary Walter Ulbricht encouraged GDR economists and functionaries to take up the discussion of the reform proposals of Evsei Liberman then under way in the Soviet Union. In January, 1963, the SED's sixth congress endorsed the principles of reform, and by June the party had issued a set of directives for the "New Economic System of Planning and Management" (NES). Circumstantial evidence suggests that the reforms—the first in East Europe—were introduced on the urging of the Soviet Union, which was anxious to use the GDR as something of an experimental laboratory before embarking on a similar course at home.⁸ Whatever the origins of the NES, many GDR citizens and officials welcomed it enthusiastically, in part because they believed its impact could not be restricted to the economic sphere.

The NES reforms were never pursued as far as their more enthusiastic advocates would have liked—they were subsequently eclipsed by the Czech reform pro-

posals and by the Hungarian New Economic Mechanism—and it seems likely that one reason was the SED's leadership's fear that they might bring undesirable political consequences. Ulbricht stressed from the beginning that the reforms were meant to strengthen democratic centralism by relieving the central authorities of the tasks of "petty tutelage," just the reverse of what "certain revisionist elements once wanted."⁹ In 1964 and 1965, SED leaders criticized excessive displays of autonomy and "egoism" by the party's specialized Bureaus of Industry and Construction, enterprise associations (VVB's), and factories; they attacked the alleged "economization" of party work and the consequent neglect of ideology. The suicide of the planning chief and NES architect Erich Apel in December, 1965—apparently in protest against a long-term Soviet-GDR trade agreement that frustrated the desire of some officials to shift much of the country's trade to the West—provided another warning against the political hazards of reform. Finally, the cautionary example of Czechoslovakia, where proposals for economic reform had gone hand-in-hand with political liberalization, furnished a powerful argument to Politburo critics of economic experimentation.

There were a number of cogent economic reasons for the modification of the reforms in 1967–1968 and their final abandonment in 1970,¹⁰ capped by a "growth crisis" aggravated by unfavorable weather conditions in 1969–1970. There is little doubt, too, that many of the optimistic expectations that accompanied the introduction of the reforms reflected a naïveté born of inexperience in the context of an entrenched system of centralized economic control. But the larger reason for failure probably lies in the political constraints and fears, underscored by the Czech events, that kept the NES reforms from becoming fully effective, in spite of initially encouraging results.

A comparison of the bold Hungarian choice to "reform the reforms" in the middle of an economic crisis at the beginning of the 1980's with the GDR decision to abandon them a decade earlier may be instructive. In the GDR in 1970, no broad and coherent set of proposals for expanding the reforms seems to have existed—reflecting the absence of the open and free-wheeling debate among economists that seems to have characterized Hungarian reform discussions from the beginning. The GDR's leaders, many of whom had harbored serious doubts about the reforms since their inception (the East German "reform party," while well represented on the Central Committee and in state organs, never captured many seats on the SED Politburo or Secretariat), were forced to choose between the abandonment of reform and the highly uncertain alternative of expanding it; in the event, it does not seem surprising that they chose the former. The decision to return to a highly centralized planning system

⁶E. Kautsky, "Gorbachev's Reforms and the GDR," *Radio Free Europe Research*, March 6, 1987.

⁷See Erich Honecker, "Die Aufgaben der Parteiorganisationen bei der weiteren Verwirklichung der Beschlüsse des XI. Parteitages der SED," *Neues Deutschland*, February 7–8, 1987, pp. 3–11.

⁸See Thomas Baylis, *The Technical Intelligentsia and the East German Elite* (Berkeley: University of California Press, 1974), pp. 234–235; also Gert Leptin and Manfred Melzer, *Economic Reform in East German Industry* (Oxford: Oxford University Press, 1978), ch. 1.

⁹Baylis, *Technical Intelligentsia*, p. 245.

¹⁰These are outlined in Manfred Melzer, "The GDR—Economic Policy Caught Between Pressure for Efficiency and Lack of Ideas," in Alec Nove, Hans-Hermann Hohmann, and Gertraud Seidenstecher, *The East European Economies in the 1970s* (London: Butterworths, 1982), pp. 45–49.

preceded by only a few months the replacement of Ulbricht by Honecker as SED First Secretary. Not inappropriately, since the new party leader had never been counted among the supporters of reform, his regime was identified with the restoration of economic orthodoxy and acquired something of a vested interest in at least outwardly maintaining it.¹¹

AN ALTERNATIVE MODEL?

The present "perfection" of the East German economic system centers around, first, the creation of industrial *Kombinate* as the pivotal units of economic management and coordination and, second, the revision of success indicators and the expanded use of other indirect monetary "levers" in the hope of stimulating more rational economic behavior. Party leaders have also ventured lesser but still significant changes in the agricultural pricing system, foreign trade arrangements and the system of transportation charges. Finally, they have placed an overarching emphasis on the stimulation of scientific and technological innovation and its rapid application in production.

The latter is hardly unique, given the long-standing rhetorical attention that ruling parties have devoted to accelerating the "scientific-technological revolution" (STR) throughout the bloc, but it is of peculiar importance to the GDR. Overall, the GDR is the most advanced of the CMEA countries technologically, but much of its plant and equipment is outmoded, and it suffers from a severe labor shortage and a weak natural resource base. It is the leading supplier of machine tools, computers, and other advanced products to the Soviet Union,¹² which has repeatedly pressed for improvement in the quantity and quality of GDR deliveries and is likely to do so even more in the face of the decline in its own sources of hard currency for the purchase of Western technology.

In Western markets, the GDR finds it increasingly difficult to compete with the Newly Industrializing Countries (NIC's) in the sale of many products; in the vital category of machine tool exports, it is also

experiencing a decline in its Western market share.¹³ It is thus imperative that it raise its own technological level in order to maintain its exports to (and thus imports from) the West, as well as to satisfy its obligations to the Soviet Union. Centrally planned economies, however, are notorious for their resistance to innovation, and one of the primary objectives of the GDR's organizational modifications has been to overcome such resistance.¹⁴

A preeminent element of the rationale supporting the creation of the *Kombinate* was the need to link research more closely to production. The 133 centrally directed *Kombinate*¹⁵—which Honecker has called the "backbone" of the GDR's economic system—are supposed to be distinguished from their predecessors, the VVB's, by their emphasis on "vertical" as well as horizontal integration. That is, in addition to monopolizing production of a particular class of goods, they seek to combine under their authority all phases of the production process, from research and development through the production of important inputs to sales. The directors of the *Kombinate* are also supposed to be more directly involved in production than the heads of the old VVB's, and thus better aware of technological needs; in the preferred type of *Kombinat*, management is simultaneously responsible for directing the combine's "lead enterprise."

As far as possible, the regime has sought to make the combines autarkic units. Not only are they responsible for most of their own research (some of which may, however, be carried out on a contract basis with universities and divisions of the Academy of Sciences), but they are expected to fabricate their own "means of rationalization" where possible. Increasingly, investment is expected to come from the *Kombinat*'s own or borrowed resources—not state grants. Even capital goods-producing *Kombinate* are expected to manufacture a range of final products that includes consumer goods. In general, apparently all but intractable problems of coordination and cooperation across combine boundaries are to be reduced by minimizing the need for them.

The result is giant monopolies, which presumably encourage economies of scale and offer the advantages already listed, but which one might also think would bring with them some of the classic disadvantages of monopoly in capitalist systems. This process of industrial concentration—also evident in the ballooning size of enterprises within the combines—stands in sharp contrast to recent Hungarian trends, but has been criticized only cautiously and indirectly in the GDR.¹⁶

The authority granted to the combine general director looks formidable from the perspective of the component enterprises—even though these are supposed to retain some legal autonomy—but rather less so when viewed from above. The general director allocates resources and tasks among the combine's com-

¹¹See Peter-Claus Burens, *Die DDR und die "Prager Frühling"* (Berlin: Duncker & Humblot, 1981), pp. 115, 121, and 125–128.

¹²Pieter A. Boot, "The GDR Economy Between East and West: Problems and Opportunities," in Margy Gerber et al., eds., *Studies in GDR Culture and Society*, vol. 6 (Lanham, Md.: University Press of America, 1986), p. 21.

¹³Wolfgang Stinglwagner, "Die DDR im technologischen Wettbewerb," *Deutschland Archiv*, vol. 20 (May, 1987), p. 503.

¹⁴See Raymond Bentley, *Technological Change in the German Democratic Republic* (Boulder, Colo.: Westview, 1984).

¹⁵In addition, there are 24 construction *Kombinate* and over 90 regionally directed ones.

¹⁶Franz Rudolph, "Entwicklungstendenzen des Vergesellschaftungsprozesses und seiner planmässigen Gestaltung in den Kombinat," *Wirtschaftswissenschaft*, vol. 34 (July, 1986), pp. 973–989.

ponent enterprises and other units and can shift them from one enterprise or unit to another. He appoints enterprise managers and can create new enterprise sections. He can centralize certain tasks (e.g., research) and decentralize others. He is responsible for the combine's plan and carries out certain planning functions that previously were assigned to the ministries—e.g., material-balancing within the combine. Some combines have heightened responsibilities for trade and intra-CMEA cooperation and some are authorized to sign export contracts with foreign firms.

The superordinate ministry retains extensive powers of intervention, and the general director must continue to act within a dense thicket of plan indicators and "normatives." He has little power over such crucial matters as investment, product assortment, and the determination of prices and wages. He has only limited discretion over the use of the combine's profits and its various "funds," and none over its foreign currency earnings. The incentive structure for vigorous entrepreneurial performance thus seems rather weak.

On the other hand, the combine's monopoly position undoubtedly strengthens the general director's bargaining position with higher authorities. No domestic competitors and few other reliable yardsticks exist for evaluating the information he provides, in spite of the regime's attempts to strengthen control mechanisms.¹⁷

East Germany introduced significant changes in its palette of "economic levers" in 1982 and 1983. The traditional indicator of gross output—"industrial goods production"—was downgraded in favor of four "primary indexes": net profit, net production, consumer goods and services, and exports. The first two were intended to stimulate the more efficient use of energy, materials, and labor, with net profit also expected to heighten attention to marketing. The second index, net production, is the only one of the four for which statistics are provided in the GDR's plan fulfillment report; in 1986 it is said to have risen by 8.5 percent.¹⁸

¹⁷See Doris Cornelsen, Manfred Melzer and Angela Scherzinger, "DDR-Wirtschaftssystem: Reform in kleinen Schritten," *Vierteljahreshefte zur Wirtschaftsforschung*, no. 2 (1984), pp. 200–220.

¹⁸Doris Cornelsen, "Zur Lage der DDR-Wirtschaft an der Jahreswende 1986/87," *DIW [Deutsches Institut für Wirtschaftsforschung] Wochenbericht*, vol. 54 (January 29, 1987), p. 57.

¹⁹See Ian Jeffries, "Introduction and Summary," in Jeffries, ed., *The Industrial Enterprise in Eastern Europe* (Eastbourne, East Sussex: Praeger, 1981), p. 26.

²⁰Cornelsen, "Zur Lage . . . 1986/87," pp. 57–59.

²¹Heinz Vortmann and Ulrich Weissenburger, "Der Staatshaushalt der DDR 1980 bis 1985," *DIW Wochenbericht*, vol. 53 (October 16, 1986), p. 534.

²²Horst Lambrecht, "DDR-Agrarpolitik setzt auf hohe Erzeugnispreise," *DIW Wochenbericht*, vol. 54 (February 12, 1987), p. 98.

Although similar measures are used elsewhere in the bloc,¹⁹ the calculation of net production is difficult and prone to a number of distortions.²⁰ The continued absence of "scarcity prices" (in spite of some recent administrative pricing changes) also reduces the usefulness of both net production and net profit results. And *Kombinat* and plant directors have a total of over 100 indexes they must check against.

The "Contribution to the Social Funds" first imposed at the beginning of 1974 has attracted a good deal of attention from Western economists; it is, in effect, a stiff 70 percent tax on payrolls, intended to force combines and enterprises to shed excessive workers. As a transitional measure, the state agreed to reduce the required payments or to provide temporary subsidies to firms finding it difficult to meet the new requirements. GDR budgetary data indicate that collections from the new charge amounted to 20.1 billion marks (M) in 1984 and M26.6 billion in 1985, while state deductions from net profit fell by M15 billion in 1984 and remained at that level in 1985. Subsidies rose by M10.7 billion in 1984, but fell back by M6.6 billion the following year.²¹ The latter figure suggests that price adjustments have made it somewhat easier for firms to pay the tax. Whether it has actually succeeded in significantly reducing the inefficient use of labor is unclear.

The SED has developed or refined several other levers intended to stimulate cost-saving, quality and innovation in the last several years. The *Produktionsfondsabgabe* (production funds levy), an annual charge on capital surviving from the original NES reforms, was revised in 1982–1983 to reward investment projects completed ahead of schedule and to penalize delayed completion or underutilization of plant and equipment. Producer (though not consumer) prices have been regularly revised since 1976 and pricing formulas have been introduced that are designed to provide firms a higher return on new and high quality products and a lower return on older, substandard ones. In 1986, the party announced the creation of a new *Kombinat* "investment fund," whose size is dependent on profit levels. It may be used for investment in the modernization of production facilities and the improvement of working and living conditions, and appears to expand *Kombinat* discretion in these areas modestly; its use for investment not carried out with internal resources is subject to higher approval, however.

The SED has tried to improve its agricultural performance not through market-oriented reforms on the Hungarian or Chinese model but through manipulation of its system of prices and subsidies. No major organizational changes have been undertaken, although the SED appears for the moment to have suspended its efforts to move toward the "industrialization" of agriculture.²² At the beginning of 1984, subsidies for

agricultural inputs were slashed in the hope of persuading producers to use them more efficiently. In exchange, prices paid to farmers for their products were increased by 52 percent. In order to keep consumer prices at their unchanged, low levels, the state had to increase its subsidies at the retail level from 12.1 billion marks in 1983 to M20.6 billion in 1984 and M27.6 billion in 1985.²³ Thus, substantial incentives to lower production costs were purchased by perpetuating incentives for wasteful consumption.

Farmers responded by bringing in record harvests in 1984 and 1985 and lowering the GDR's dependence on fodder imports. To be sure, record harvests in the Federal Republic were recorded in the same years, leaving the efficacy of the GDR's pricing and subsidy reforms unclear; GDR agricultural productivity continues to lag behind the Federal Republic's.²⁴

East Germany's foreign trade system underwent modification as part of the *Kombinat* reform; the purpose was to involve combines and enterprises more directly in foreign sales while retaining the state's foreign trade monopoly. To this end, 24 "foreign trade enterprises" (AHB's) were placed within individual combines, while 20 more were assigned to service several combines at once; the AHB's directors, however, remained simultaneously subordinate to the Foreign Trade Ministry. In certain cases, export-oriented combines can sign export treaties themselves, but the main purpose of the new arrangement appears to have been to involve the *Kombinate* in foreign marketing and to link production more closely to the needs and demands of foreign customers. The elevation of "exports" to one of the four chief performance indicators under the plan gives the general directors reason for being attentive to such requirements. Nevertheless, as Melzer notes, "the incentives for combines to increase exports are very limited as long as they do not share in foreign currency earnings."²⁵

Moreover, in other respects the GDR appears to lag behind its CMEA partners in developing measures

to promote expanded economic relationships with capitalist states; as of this writing, for example, it has not sanctioned joint ventures with Western firms, and it ranks close to the bottom in other forms of "cooperative relationships."²⁶

Taken as a whole, what does the GDR's "perfected" system of economic planning and management amount to? Is it a "reform"—albeit, in the words of Doris Cornelsen and her colleagues, a "reform in small steps"? Is it a stable and coherent package of measures that can be commended to other Communist regimes unwilling to undergo the risks of drastic market-oriented reform? Does it contain within it any inherent logic of further development—toward a more fundamental, market-based reform, or in some other direction?

It is important to stress what the GDR model does not do, compared to the Hungarian reform or to some of the proposals of Gorbachev. It does not reduce the importance of or simplify central planning, nor does it narrow the scope of central bureaucratic control; if anything, the web of controls has become still thicker. Detailed decisions on investments, prices, and foreign trade continue to be made by the planning commission and state ministries and committees, within a framework approved by the SED Politburo. There has been no substantial expansion of the private sector or legalization of the "second economy."²⁷ There have been no initiatives toward—or even public discussions of—subjecting the prices of certain goods to market determination, countenancing bankruptcies or open unemployment, expanding the discretion and independence of state banks, permitting worker participation in the selection of management or other significant economic decisions, or applying for membership in the International Monetary Fund (IMF) or General Agreement on Tariffs and Trade (GATT).

As it stands, East Germany's system is dotted with inconsistencies and ambiguities, many of them acknowledged by East German economists and other specialists. Direct administrative controls and subsidies exist alongside indirect, parametric steering devices, with the effectiveness of the latter in danger of being impaired by the working of the former. Prices, while all determined administratively, are set according to several inconsistent criteria, e.g., actual production costs, the quality and age of products, the degree to which they reflect innovation and "inten-

(Continued on page 393)

²³Ibid., p. 94.

²⁴See *Materialien zum Bericht zur Lage der Nation im geteilten Deutschland 1987* (Bonn: Bundesministerium für innerdeutsche Beziehungen, 1987), pp. 400–443.

²⁵Manfred Melzer, "Combine Formation and the Role of the Enterprise in East Germany," in Jeffries, op. cit., pp. 109–110.

²⁶See "Joint Ventures in Eastern Europe," *Radio Free Europe Research*, April 10, 1985; "Joint Economic Ventures with the West," *ibid.*, July 18, 1986.

²⁷Private businesses—most of them in crafts, repair services, or the operation of small restaurants—produced 2.9 percent of the GDR's net product in 1984, an increase of 0.1 percent from 1983 after many years of decline. Since 1976, such services (along with the sale of produce and animals from private agricultural plots, not included in the 2.9 percent figure) have enjoyed more official favor than in earlier years, but there has been no attempt to expand the private sphere significantly. See *Materialien 1987*, p. 170.

Thomas A. Baylis is the author of *The Technical Intelligentsia and the East German Elite* (Berkeley: University of California Press, 1974). He is now writing a book, under the sponsorship of the Twentieth Century Fund, about the effect of Western economic policies on East Europe.

BOOK REVIEWS

ON EAST EUROPE

ERODING EMPIRE: WESTERN RELATIONS WITH EASTERN EUROPE. By Lincoln Gordon, with J.F. Brown, Pierre Hassner, Josef Joffe, Edwina Moreton. (Washington, D.C.: The Brookings Institution, 1987. 359 pages, appendix and index, \$31.95, cloth; \$11.95, paper.)

In this policy study, which was jointly sponsored by the Brookings Institution and the Hudson Institute, Lincoln Gordon (the former president of Johns Hopkins University and one-time ambassador to Brazil) and the contributing authors examine the "attitudes, interests and policies" of the Western nations toward East Europe, and the future prospects of improved economic and political relations between these two regions. Separate chapters are devoted to the foreign policies of the United States, West Germany, France and the United Kingdom with regard to East Europe, along with summaries of the special foreign policy interests of Austria, Italy and the Vatican.

This balanced study also includes a review of the East European and Soviet perspectives on East-West relations, with a particular emphasis on the declining role of the Soviet Union in controlling the political affairs of the East European nations. Among the conclusions of the study: the Western nations have a real influence on East Europe through the success of their political and economic systems as role models; Western influence can be enhanced by an effort to promote détente, not conflict, between the regions; and close economic cooperation between East and West would force East European economies to be more responsible for their conduct, and to adopt a rational economic policy. R. Scott Bomboy.

TITO, MIHAILOVIĆ, AND THE ALLIES, 1941–1945. By Walter R. Roberts. (Durham: Duke University Press, 1987. 406 pages, notes, bibliography, chronological table and index, \$15.95, paper.)

TITO'S FLAWED LEGACY: YUGOSLAVIA & THE WEST SINCE 1939. By Nora Beloff. (Boulder: Westview Press, 1985. 287 pages, notes, bibliography and index, \$23.00.)

After being out of print for several years, Walter R. Roberts's definitive account of the Partisan-Chetnik (Tito-Mihailović) struggle during World War II, *Tito, Mihailović, and the Allies*, has been reissued by Duke University. A new foreword to this third printing by the author documents the reception of this book in Yugoslavia and in academic circles since its initial publication in 1973, considers

the revisions in Yugoslavian history and the "demystification" of Tito since his death in 1980, and offers some insight into the controversy surrounding the conflicting reports of Partisan-German negotiations during the war.

The hallmarks of this book are its nonbiased approach to the events of the era and its meticulous documentation of sources (mostly primary). These traits can be seen in Roberts's approach to the question of whether Tito or Mihailović truly collaborated with the Germans. *Tito, Mihailović, and the Allies* is an essential work for students of Yugoslavian history, and a valuable resource for those interested in the Allies' role in the Balkans during World War II.

Nora Beloff's *Tito's Flawed Legacy: Yugoslavia & the West Since 1939* is an ambitious attempt to reassess Titoism and offers a less flattering portrait of the Yugoslavian leader. According to the jacket notes, the major slant of Beloff's writing has been "to defy received opinion on political and international issues." Therefore, some of her criticism of Tito personally and of Titoism in general was apparently written for the sake of presenting a different opinion. Beloff, however, does make some interesting points about "the myths of Titoism." R.S.B.

U.S.S.R. FOREIGN POLICIES AFTER DETENTE. By Richard F. Staar. (Stanford: Hoover Institution Press, 1987. 308 pages, bibliography and index, \$13.95.)

This is a revised edition of a detailed monograph, which is based on many primary Russian-language sources and supported by well-documented tables and figures. Staar, a *Current History* contributing editor and a former United States ambassador to the Mutual and Balanced Force Reduction (MBFR) negotiations in Vienna, divides his book into three thematically connected parts.

In the first part of the book, Staar recounts how the heritage of Marxist-Leninist ideology has affected modern-day Soviet decision-making, especially the role that the Ministry of Foreign Affairs has played in carrying out foreign policy. The second part of the book illustrates devices (propaganda, espionage, military strategy and foreign trade) that Staar feels the Soviets use to exert their influence worldwide. The final section of the book surveys how Soviet goals and approaches differ in relations with East Europe, East Asia, the third world and the United States, and how these differences reflect Marxist-Leninist ideology. R.S.B.

(Continued on page 400)

REFORM AND DISSIDENCE IN CZECHOSLOVAKIA

(Continued from page 364)

Estrangement of large segments of the younger generation from the regime found reflection in the emergence of a burgeoning subculture, which became the repeated target of official campaigns, like the "new wave" rock in 1984. A group calling itself the Jazz Section (of the musicians' union) extended its activity into the publishing of unorthodox even if not overtly anti-Communist texts of domestic provenance as well as translations. The Jazz Section's enthusiastic membership soon grew to several thousand, and a trial of its leaders was eventually held in January, 1987. In a sadder way, alcoholism, drug abuse, sexual promiscuity, juvenile delinquency and vandalism became endemic and the cause of serious concern for the authorities. Communist party officials had to admit that the long-term objective of socializing the young had failed; the party found itself unable to counter the various forms of alienation effectively. It was also unable to recruit for membership what it considered a sufficient number of young people, a fact that only perpetuated the rule of the old guard, inimical as it was to reformist change.

1986-1987: REINVENTING THE REFORMIST WHEEL

If some Czechoslovak leaders had feared a ruffling of their feathers by Soviet General Secretary Mikhail Gorbachev's putative reformism, they breathed with relief after Gustav Husak returned from a visit to Moscow in May, 1985. A deal had evidently been struck. Though inefficient, Czechoslovakia was sufficiently placid and its leadership sufficiently united to lead the new Soviet leader to accept the fact that Czechoslovakia should be left alone for the time being. Gorbachev had no shortage of concerns after his accession, and Czechoslovakia could not figure high on his list of priorities. Husak told his Central Committee in mid-June, 1985:

We will not take the road of any of the market-oriented concepts that would weaken the system of socialist collective property and the party's leading role in the economy. We have had bad experience with that kind of thing.

Unlike the situation in the Soviet Union, no personnel changes occurred at the higher levels of the party and the government and no new blueprints for economic reform were generated during 1985 and a good part of 1986, because they were still seen as dangerous and unnecessary. Gorbachev's ascent was at first simply greeted as the "continuation of the great work" rendered to the world by Soviet General Secretary Konstantin Chernenko, and observers had the feeling that many a hardliner in the Czechoslovak

leadership looked at Gorbachev's early dynamism as a transient phenomenon.

Most of 1986 passed in this state of suspended animation, enlivened only by campaigns that many leaders hoped would sufficiently assure Moscow that they were taking due notice of the new spirit. Misappropriation of the state's property, alcoholism, drug abuse, wasting of time at work, and particularly glaring examples of inefficiency were being criticized with somewhat greater vigor. The seventeenth CPCS congress in March, 1986, duly declared the Czechoslovak leaders' adherence to the new Kremlin policies, but the distance that the CPCS was prepared to travel beyond pure rhetoric remained short.

Nevertheless, Gorbachev's measures emboldened some pragmatists in the CPCS leadership to call for a reformist path out of the economic and social doldrums. Lubomir Strougal told the party congress that stagnation could be overcome only if the economic mechanism was radically changed, because exhortation and tinkering had proven ineffective. CPCS presidium member Vasil Bilak, on the other hand, went on record to hail the "valuable impulses" emanating from Gorbachev but warned that they could only be applied in Czechoslovakia with regard for indigenous experience and conditions.

As Gorbachev fought his battles with the die-hards in preparation for what was to be the October, 1986, but eventually turned out to be the January, 1987, crucial plenary session of the Soviet Communist party (CPSU CC), the mood darkened among the Prague leaders. They sensed, or were given to understand, that the decisive turning point would soon be reached and that Gorbachev appeared to be the winner. The November, 1986, CMEA summit in Moscow, one is told, was less an economic meeting than a notification of Gorbachev's victory over the hardliners. After the January CPSU plenum and before Gorbachev visited Czechoslovakia in April, 1987, several high-level exchanges took place between Prague and Moscow. Another deal was then struck, involving a complete turnabout in CPCS policy; in order to save their own skins, the Czechoslovak leaders decided that their country, too, would become reformist and that they themselves would preside over the process.

EXPECTATIONS

The year 1985 had seen a considerable advance in religious activism, the one strand in Czechoslovak dissidence that would probably not benefit too much from Communist reformism and that would no doubt continue to develop regardless of changes at the top. While the petition to invite the Pope for the 1,100th anniversary of the death of St. Methodius in July had failed to move the authorities to issue an official invitation, the commemoration was still an impressive event, with a congregation that some observers esti-

mated at up to 150,000. Cardinal Agostino Casaroli attended on behalf of the Pontiff, but no relaxation of the severe curtailments imposed on church activities followed. Instead of relenting, the regime may have felt threatened by the fervor of popular sentiment.

A number of ex-Communist dissidents soon began to set great store by the accession and reformist tendencies of Gorbachev, but there were skeptics among them. For a long time, the general public remained unmoved; it refused to believe that Moscow too could have a Spring similar to the one it had destroyed in Prague almost two decades earlier. Nevertheless, rumors about purported conflicts within the Communist camp circulated like wildfire.

In retrospect, many Czechoslovak dissidents believe that the catastrophe at Chernobyl in April, 1986, and, more particularly, Gorbachev's augmentation of the *glasnost* drive thereafter, marked a turning point in the Czechoslovak public's attitude to the relevance of a new bout of Communist reformism. Gradually, but perceptibly, expectations began to rise. Developments in the Soviet Union, long ignored as totally uninteresting, began to attract attention; copies of *Pravda* were sold out before they were unwrapped; and Soviet television, beamed to Prague via satellite, earned an unheard of number of viewers. Improbable rumors were spreading, with a gleam in the disseminator's eye, about controversies between Prague and Moscow. When Gorbachev's visit was announced for April, 1987, a surprising number of people expected that he would come to put the local Augean stables in order.

The disappointment was great, but it did not quash Czechoslovak hopes completely. Gorbachev endorsed the incumbent Czechoslovak leaders, but at the same time he preached his reformist creed vigorously. The contrast between the static local conditions and the Soviet leader's dynamic program of change could not have been lost on anyone. Few people were willing to believe that a systemic overhaul, such as seemed to be required by Gorbachev, could be engineered in Czechoslovakia under Gustav Husak's chairmanship. That the Soviet leader did not depose his satraps on the spot was bemoaned but accepted as a tactical necessity. The day will come, people thought. On the other hand, the Czechoslovak public regretted Gorbachev's remarks, made during his seemingly improvised but in fact probably well prepared walkabouts, in which he appeared to consign the Prague Spring to irretrievable history. There would not occur, at least not for the time being, any rehabilitations either of policies or of personalities. The reform that was to come would be of a new variety, not a return to 1968.

There are both similarities and differences between the Czechoslovak reforms of 1968 and the Soviet reforms of today, just as there are between the Prague Springs of 1968 and 1987, almost two decades apart. What Prague wanted in 1968, Moscow and Prague want

now, namely, a change that will make ruling communism more responsive to the challenges of the time. The basic components of the two reforms, especially with regard to innovation in the economic field, remain the same. Similarity does not, however, mean identity.

The Prague Spring originated from intellectual and popular dissent rather than from the party leadership's recognition that a reform had to be undertaken for the sake of efficiency or to save communism from collapse. Unlike the situation in Moscow, the Prague Spring concept gestated and gradually acquired shape throughout the 1960's, long before personnel changes at the top could have been effected. Even before 1968, the Czechoslovak public had responded favorably to the prospect of reform, and support grew rapidly once a program began to emerge. A momentum was thus created that pressured the leaders into a search for increasingly radical solutions to an ever-wider variety of issues. By contrast, the Soviet program has so far been largely imposed from above.

The democratic traditions of the Czechs and the national aspirations of the Slovaks came into play very early in the 1960's, being extensively debated even before any reform had begun. Many people viewed the Prague Spring as a path toward the restoration of democracy, liberalism and freedom, toward a society that they felt sure was superior to communism on the basis of their past experience. In comparison, Gorbachev's plans for greater democracy are utilitarian; he does not see it as a value in itself but as an instrument of Communist governance. The same is, of course, true of the present Czechoslovak leadership's renewed interest in change.

As economic results in 1987 are far below expectation, thus increasing the economic pressure on the Prague leadership, and as Mikhail Gorbachev accelerates his own advance on the road to reform, Czechoslovakia faces a difficult period of adjustment. After 19 years of antireformist failure, with an aged and increasingly helpless leadership and a population that seems to have awakened from political apathy and demands a long-overdue change, the country is emerging from the doldrums. Czechoslovakia will bear watching. ■

POLAND

(Continued from page 372)

The program of economic austerity alone cannot turn Poland's economy around. Decreasing and eventually terminating food subsidies, as well as liquidating the most unprofitable enterprises will help. But unless economic considerations prevail over political priorities, Poland will continue to muddle through behind the rest of the industrialized world.

In 1986, Poland was readmitted to the International Monetary Fund (IMF), accepting such conditions as a reduction of subsidies for heavy industry

by one-half, a 26 percent increase in the prices of utilities and raw materials, and tough anti-inflationary measures.¹³ It is a step in the right direction, but only economically. What is needed is a meaningful political change that so far the authorities have been unable to accept. Lech Walesa told foreign reporters covering the Pope's 1987 visit to Poland that Poland's ills involve "the necessity of pluralism. . . . Without it, Poland won't make it."¹⁴

The socioeconomic price of Poland's Communist system is staggering. The standard of living has been declining for several years. According to data provided by the opposition, there are about half-a-million homeless in a nation of 38 million, and alcoholism is the major national plague.¹⁵ Per capita consumption of alcohol is the highest in Europe (reliable data for the Soviet Union is unavailable), reaching up to 12 liters annually. Drug addiction and malnutrition are alarming. Construction of new houses is declining and the average waiting period for a new apartment exceeds 20 years. Even Poland's Prime Minister, Zbigniew Messner, admitted that the party "has brought our country to poverty."¹⁶

Poland's poverty is well documented and officially acknowledged. The regime is prudent enough to make very modest forecasts about improvements in the standard of living, which is expected to reach the 1979 level no sooner than 1990. According to the economic plan formulated immediately after martial law was installed, Poland required only five years for a full recovery. To understand the extent of Poland's current economic inertia, it is useful to recall that following the end of World War II, it took just three peaceful years to achieve the prewar living standards enjoyed in 1939. Despite a well-trained labor force and available natural resources (except oil), the Communist system has failed to generate economic growth and address vital social issues.

SELF-DECEPTION

The Communist authorities deceive themselves that the roots of the current socioeconomic crisis are to be found not in the political structure of the state but in the allegedly imperialistic nature of contemporary capitalism. United States President Ronald Reagan, who, following the establishment of martial law in Poland, imposed economic sanctions on Jaruzelski's regime, is blamed for over \$15 billion—or about \$400 per capita—in Polish economic losses. The party frequently refers to "imperialism, counterrevolution brought from outside, imperialistic economic sanctions" and calls the United States an "evil-minded

power threatening Poland and all humanity"—instead of trying to formulate a realistic program of economic recovery. The Polish press and some official pronouncements occasionally produce a very clear picture of contemporary reality, but it is impossible to find critical analyses of the underlying causes of the continuing crisis or recovery program proposals that are not formulated in a vacuum, dominated by such meaningless concepts as the "class struggle" and the "dictatorship of the proletariat."

In 1983, the Polish regime made a shy attempt to permit various social groups to express their own political views. The Patriotic Movement of National Rebirth (PRON) was established to provide a forum for national unity and a platform for united action of all citizens "regardless of their outlook." Although a Catholic writer was installed as chairman of PRON, a notorious Communist hard-liner occupies the powerful position of secretary. In effect, PRON has become another facade of popular participation in the form of a "united front," a window-dressing organization in which allegedly independent social groups implement political programs prescribed by the Communist party. Neither PRON nor the greater administrative role of the government has affected the exclusive Communist control of political power. Jaruzelski has deliberately ignored many opportunities to open meaningful dialogue with the nation. His regime tolerates social dissent, but he was never serious about any partnership with the society.

Poland may have a mixed economy, lenient censorship, a lively Parliament disputing economic and social matters, an active opposition, and a popular Roman Catholic Church. Yet in essence, it is a one-party state in which no organization has veto power over the party's supremacy. Unlike its position in earlier decades, the Communist regime now has modest aspirations for social engineering. The regime's will to stay in power, however, has not abated. Today, the Communists are more realistic about their ability to structure every aspect of social existence and are forced to spend more energy on maintaining their sovereign position. Like old-style totalitarianism, communism is based on police and military force. Despite enormous setbacks, the appetite of Communist party elites for social, economic and political domination has been unaffected.

However, total control over the economy is no longer regarded as an essential attribute of power, especially because the party has been unable to prevent economic crises, stagnation and social apathy. Contemporary Communist states emphasize organization and the capacity to intimidate and, if necessary, terrorize their subjects. The nomenclature system of appointments is the key to daily control over the society, and the Communist perception of politics-as-war guides its actions. ■

¹³*The Washington Post*, December 20, 1986.

¹⁴*The Washington Post*, June 12, 1987.

¹⁵Radio Free Europe, Polish SR/2, February 2, 1986.

¹⁶Foreign Broadcast Information Service, Warsaw Domestic Service, October 8, 1986.

YUGOSLAVIA

(Continued from page 368)

an entire village to march on Belgrade during the thirteenth congress to set up a tent city on the banks of the Sava River until they received some government satisfaction.²¹

The Serbian Academy of Sciences has joined the fray with a banned 74-page memorandum that reportedly attacked the 1974 constitution and implicitly criticized Tito and Kardelj along with the "anti-Serb coalition in Yugoslavia."²² Conversely, Slovenes talk of a double standard for Albanian and Serbian nationalism in Kosovo, while the Croats published a white book accusing the Serbs of "anarchliberalism." Notwithstanding pleas for unity at the June, 1986, thirteenth party congress, ethnic politics in Yugoslavia have become still more sectarian.

KOSOVO

In April, 1987, an estimated 10,000 to 15,000 Kosovar Serbs and Montenegrins clashed with police in their effort to join the reportedly 13-hour complaint session of Serbian party chief Slobodan Milošević, with some 300 delegates from the crowd. Again in June, Kosovar protesters chanted outside the ninth LCY CC plenum, struggling for ways to defuse nationality tensions and to stem the flow of Serb-Montenegrin emigration from the province. Residents of Belgrade joined for the first time, widening the circle of protesters, as did the Gypsies, with a blunt statement to the plenum insisting that Gypsies are indeed "the most endangered" of all Kosovo minorities.

Kosovo is a natural cauldron of ethnic tensions. Historically, the Albanian majority suffered under the policies of Serbian strongman Alexander Ranković. During his time, the Serb-Montenegrin minority of some 200,000 benefited at the expense of their Albanian neighbors. When Ranković fell in 1966, the tables turned. Now the Slavic minority no longer dominates the Kosovo power structure. This painful shift to a psychological-political subordinate status and a staggering unemployment rate of almost 55 percent (up from some 27 percent at the time of the 1981 Albanian riots) are factors in Serb-Montenegrin emigration. The economic dimension intensifies the urgency to agree

²¹Borba, June 23, 1986; *Washington Post*, June 28, 1986, for analysis.

²²RFE Research, November 20, 1986.

²³For which the young Slovene sociologist Thomaš Mastnak was charged with the crime of "offending another constituent republic" (punishable by three years), only to have the charges dropped amid public outcry, NIN (Belgrade), July 20, 1986; RFE Research, August 19, 1986.

²⁴Robin Alison Remington, "Nonalignment: Options and Obstacles," International Studies Association Conference, "Contemporary Yugoslavia at the Crossroads," University of South Carolina, Columbia, May 1-2, 1987.

on reforms even as it hardens the positions of regional politicians and narrows the room for compromise.

Undeniably, the outlook for ethnic harmony in Yugoslavia is bleak. Yet beneath the rhetoric, the admitted warts and the polemical charges that the system is on the verge of collapse, the post-Tito rotating collective teams have chalked up some solid accomplishments that should not be ignored.

A TENTATIVE BALANCE SHEET

Think back to the somewhat hysterical predictions about "after Tito": civil war, military coup, and a Yugoslavia swallowed by the Soviet bear. Six years later these scenarios have been relegated to the political shadows.

With the thirteenth party congress, the LCY brought in 127 new Central Committee members out of 165 and replaced all but four members of the party presidium. The average age of presidium members was roughly 50 years and of the party members, the mid-forties. Underneath the fanfare, the LCY has made a generational transition from the post-World War II "Club of 1941." Rotation schedules have been routinely observed and, despite some complaints about the manner in which Branko Mikulić became Prime Minister,²³ there is remarkably little energy wasted on political struggle at the top of the party.

Yugoslav foreign policy also has a better track record than it is given credit for. The post-Tito collective leadership managed to balance the pressures generated by its increased economic dependence on trade with the Soviet Union and other members of the CMEA (COMECON, or Council for Mutual Economic Assistance) bloc and the political-economic imperatives of its Western debt. Far from sliding back under Moscow's control, nonaligned Yugoslav foreign policy has remained steadfast, successfully making the transition from Tito's charismatic personality to the current rotating state presidents who lead Yugoslav delegations to nonaligned meetings. Based on issue-analysis of documents of the two nonaligned summits since Tito's death²⁴ and Yugoslavia's organizational roles in the Nonaligned Movement, it appears that Yugoslav media visibility, rather than Yugoslav non-aligned activity or influence, has declined.²⁵

Charges of political paralysis aside, the collective leadership put in place an unpopular austerity program and implemented it sufficiently to come out from under six years of IMF supervision of the Yugoslav economy. It has not achieved economic stabilization, but measured beside other states struggling with similarly entrenched economic problems, the economic record is not as bad as it looks to those who have to live with the cost of those achievements. The system has mechanisms that allowed for passing the controversial foreign currency laws despite determined Slovene and Croat objections. It is not true that consensus

as a guiding principle has frozen the government's ability to act. It has slowed it down; however, that is not always so disastrous.

Centralized power does not protect a government from making the wrong decision, nor does it guarantee the ability to implement desired economic reform, right or wrong. For all his charismatic authority, Tito never resolved the conflict that swirled around the 1961 and 1966 reforms. Indeed, the economic dilemmas inherited by his successors in 1980 came about in large part because Tito himself could not be held responsible for his own poor economic judgment.

The party has undoubtedly declined in public confidence. Certainly, the results of the NIN poll of some 4,500 respondents, in which 73 percent considered that the party had been fulfilling its leading social role "inadequately, barely or not at all," must have been disheartening for Yugoslav politicians.²⁵ It undervalues their struggle to keep the complex machinery of collective leadership from grinding to a halt, while they grapple with conflicting economic demands and priorities. Yet had that question been asked before 1980, the answer would not have been a measure of party institutional vitality so much as how the respondent thought Tito was doing. Not the party's leading role, but Tito's leadership, would have received high marks.

In post-Tito Yugoslavia, the leading role of the League of Communists has become the art of the possible. The federal party has not withered away. It has become an essential mediating arena for achieving compromises among powerful republic-provincial actors. Without that buffer, the efforts at political reform might well have already been shattered on the rocks of rising South Slav nationalism.

It is easy to criticize the June, 1987, LCY CC plenum for passing the problem of the intensifying national-ethnic confrontation back to the provincial Kosovar party leadership. Unless the center is willing to resort to lengthy martial law, however, there are few other options. The interwar Yugoslav record of repression in ethnic problem-solving is hardly encouraging. The Kosovo is not Lebanon—not yet. Indeed, it is likely to be pushed in that direction by harsh centralized measures and by sustained pressure on Kosovo politicians to assure the physical safety of all national-ethnic groups living in the province.

The most constructive federal policy would be to tackle the cycle of poverty that breeds Albanian nationalists-chauvinists faster than the Kosovo security forces can hunt them down. The search for political scapegoats to blame for the conditions that set fire to Albanian national emotions in 1981 does nothing to address the lure of nationalist subculture and

organizations for Albanian students, whose primary economic prospects are to join the ranks of the unemployed. Finding jobs for returning Serbs and Montenegrins will only worsen ethnic tensions, unless concrete measures are taken to give Kosovar Albanians a sense that they have an economic future in a Yugoslavia that does not regard them as second-class citizens.

At bottom, the best that can be expected in an atmosphere of fundamental disagreement about political direction is incremental change, with everyone continuing to talk. It is not dramatic and not very satisfying, but the alternatives are worse.

In one sense, those who insist that the answer is more self-management, "real self-management," are right. One aspect of economic reform is increased productivity; that won't happen until all Czechoslovaks see not just someone else but themselves as responsible and accountable. Yet this is not what is usually meant by "more self-management"; and even with rising productivity there may well be an intrinsic conflict of interest between the drive for profitability on the part of Basic Organizations of Labor and imperatives to export because of the albatross-like foreign debt.

These are complex, politically sensitive issues. And for Yugoslav politicians in 1987, there is no panacea, no magic formula, nor a golden coach to stop before the door. ■

THE WARSAW TREATY ORGANIZATION

(Continued from page 360)

Geneva (INF) and despite offers from Gorbachev via communiqués issued by the Warsaw Pact to reduce or even to eliminate these systems altogether.

Since the spring of 1987, United States and Soviet negotiators have been working to combine their individual drafts into a single agreement that would eliminate intermediate-range nuclear forces from Europe. Such a treaty would have a significant impact on both NATO and the Warsaw Pact.

The American document reportedly includes four points dealing with verification: (1) the destruction of Soviet SS-20's and United States Pershing II's plus ground-launched cruise missiles (GLCM's) to be observed by both sides and possibly by representatives from other alliance member states; (2) subsequent inspections of missile sites a certain number of times per year; (3) an arrangement for checking on suspicious developments at short notice; and (4) agreement on the number of launchers and missiles before a treaty is signed.¹⁹

¹⁹Jan Reifenberg, "Gründliches in Genf," *Frankfurter Allgemeine Zeitung*, May 21, 1987, p. 7. See also U.S. Arms Control and Disarmament Agency, *Issues Brief*, May 20, 1987, for a comparison of United States and Soviet nuclear proposals.

²⁵Cited by Dennison I. Rusinow, "Yugoslavia's 1986 Party Congress: Did Anything Happen?" *UFSI Report*, no. 21 (1986), p. 4.

The Soviet Union has 270 of its SS-20 launchers with three warheads on each missile as well as 112 older SS-4 installations, all targeted against West Europe. The total for deployed United States Pershing II's and GLCM's is 316, each of which carries only one warhead. Ranges vary from 600 to 3,000 miles. At the "nonsummit" in Reykjavik during October 11-12, 1986, the Soviet Union had specified that 100 of its SS-20 warheads be retained in Asia. When it was pointed out that the East would still have a monopoly on short-range nuclear forces (SRNF) in Central Europe, Gorbachev offered to eliminate them in a speech in Prague, Czechoslovakia.²⁰ They include approximately 600 mobile "Scud" launchers, each of which can fire 6 to 10 nuclear missiles at targets between 300 and 600 miles away.

A few days after that offer, United States Secretary of State George Shultz met with Gorbachev for several hours in the Kremlin. The United States officials reportedly understood that the proposal extended also to SRNF in Soviet Asia. Soviet officials corrected the "misunderstanding" several months later, when they explained that only short-range missiles in East Europe and the western part of the Soviet Union would be affected.²¹

The difficulty in taking any Soviet statements at face value, let alone reaching an equitable and verifiable agreement, can be seen from reports that Lieutenant General N. F. Chervov, head of the arms control directorate for the Soviet General Staff, had made a compromise proposal to the chief American negotiator on INF. The formula reportedly suggested that

²⁰*Pravda*, April 11, 1987, p. 1.

²¹Don Oberdorfer in the *Washington Post*, April 15, 1987, pp. A1 and 30; Terry Atlas in the *San Francisco Examiner*, June 21, 1987, p. A-4.

²²Michael R. Gordon in *The New York Times*, July 1, 1987, pp. 1 and 5; Bill Keller in *ibid.*, July 3, 1987, p. 3.

²³NATO Nuclear Planning Group, *Communiqué* (Stavanger, Norway), May 15, 1987; Statement of the Ministerial Meeting, *Press Communiqué* (Reykjavik, Iceland), June 12, 1987; Jack Nelson in the *Los Angeles Times*, June 5, 1987, pp. 1 and 4, on the West German vote.

²⁴Bernard W. Rogers, "Why Compromise Our Deterrent Strength in Europe?" *The New York Times*, June 28, 1987, p. E-25; Gary Putka interview, *Wall Street Journal*, June 22, 1987, p. 22, on percentage of Soviet warheads; Elizabeth Pond in the *Christian Science Monitor*, June 29, 1987, p. 15, for NATO reduction of nuclear weapons.

²⁵Reuters dispatch from Oslo in the *Washington Post*, May 28, 1987, for tonnage of chemical arms; Defense Intelligence Agency, *Soviet Biological Warfare Threat* (Washington, D.C.: 1986), DST-1610F-057-86, pp. 1-12.

²⁶Jerry Flint, "Strategic Surprise," *Forbes*, June 29, 1987, pp. 94 and 96. See also Philip Gold, "Even with Non-Nuclear Arms, War Would be Catastrophic," *Insight* (June 1, 1987), pp. 30-31. The U.S. Army is adding a small explosive to TOW antitank missiles and by the fall of 1989 will have 12,000 that can destroy reactive armor and allow the rocket's warhead to enter Soviet tanks. *Los Angeles Times*, July 21, 1987, p. 2.

each side eliminate all medium-range and short-range missiles throughout the world. In return, the United States would not convert either its GLCM's to sea-launched cruise missiles or Pershing II's into shorter-range Pershing I-B's. After a few days, a Soviet spokesman in Moscow denied that such an offer was ever made.²²

NATO had already reached a consensus that the United States should accept the earlier Soviet proposal. The foreign ministers met soon after the West German Parliament had voted 239 to 189 in support of the "double zero" option.²³ General Bernard W. Rogers, before retiring after eight years as supreme allied commander in Europe, expressed his opposition to a treaty that would leave West Europe without the military power to stop a Warsaw Pact assault.

According to the general, an INF agreement eliminating Pershing II's removes the capability of striking at targets deep inside the Soviet Union. It would also cancel out an escalatory option, leaving only intercontinental weapons systems and resulting in a reduced level of deterrence. For its part, the Soviet Union would be giving up only eight percent of the warheads that can hit West Europe. NATO, on the other hand, has already reduced its nuclear weapons unilaterally by 4,600 systems.²⁴

General Rogers emphasized the Warsaw Pact preponderance in conventional weapons. The Soviet Union is also estimated to have between 200,000 and 500,000 tons of modern chemical arms, some of which are deployed with Soviet troops in East Germany, Czechoslovakia and Poland. In addition, these units have a biological warfare capability.²⁵ Even without these additional advantages, a nonnuclear conflict in Central Europe would probably end in a victory for the East.

Most of the 17,000 main battle tanks of the Warsaw Pact have been equipped with reactive armor over the past two years. Bolted-on boxes of explosives protect exterior surfaces, so that NATO's infantry-fired rockets and missiles cannot penetrate the armor beneath. Hence, most of the West's current antitank weapons are obsolete. Should the Warsaw Pact's tanks break through NATO defenses quickly enough, they could reach the Rhine River.²⁶ If an INF agreement is signed, the West will need a new military strategy to prevent the foregoing from happening.

POSTSCRIPT

When this article was submitted for publication, Secretary of State Shultz and Foreign Minister Eduard Shevardnadze were meeting in mid-September, 1987, in Washington, D.C., reportedly to eliminate the remaining obstacles to an INF treaty. The obstacles include Soviet demands for the elimination of the 72 Pershing I-A (450-mile range) missiles belonging to West Germany; and an agreement that all missiles

should be destroyed rather than converted to a different category and that reductions take place simultaneously.²⁷

The United States position on INF verification consists of six elements: (1) noninterference with National Technical Means, i.e., overhead surveillance from reconnaissance satellites; (2) the establishment of Designated Deployment Areas and declared facilities; (3) the exchange of baseline data on systems, support facilities and equipment; (4) reciprocal updating of this information; (5) procedures for the destruction of INF systems, including on-site inspection; and (6) inspection/monitoring to ensure compliance.²⁸

This last provision, as suggested above, will be the most difficult to implement. The United States draft treaty specifies four types of on-site inspection. The initial, comprehensive inspection would confirm the baseline data. Next would come inspections to verify the destruction of systems. Following that, short-notice or "on-call" inspections would be made at "declared" facilities. Teams stationed in both countries would continuously monitor United States and Soviet facilities.²⁹

Soviet negotiators have objected to permanent teams of inspectors, and it is uncertain whether they would agree to "challenge" inspections at short notice. The latter could be delayed and, thus, violations could be hidden.³⁰ The greatest obstacle is verification through on-site inspection. Monitoring the destruction process would seem to represent a sine qua non of any agreement. ■

²⁷William J. Eaton in the *Los Angeles Times*, July 24, 1987, pp. 1 and 12.

²⁸*Ibid.*, p. 2.

²⁹Michael R. Gordon, "Agreeing How to Spy on Each Other," *The New York Times*, June 28, 1987.

³⁰U.S. Arms Control and Disarmament Agency, "INF Verification," *Issues Brief* (Washington, D.C., no date), pp. 1-2.

HUNGARY

(Continued from page 376)

open newspapers, like *Kepes 7*, *Uj Tukor* and *Heti Vilaggazdasag*, has deprived them of a forum and forced them to communicate once again through samizdat publications.¹¹

If all the efforts aimed at reform are obstructed by the party, is a major and violent crisis imminent, as

¹¹See "Javaslat a nyilvanossag reformjara," which advocated the opposite course rather than the party's well-coordinated efforts at a crackdown on the "more free spirited" periodicals. Earlier efforts by the party to control the press included the closing down of *Tiszataj*, removing the editors in chief of *Mozgo Vilag*, and *Kepes 7*, and the deputy editor in chief of the *Heti Vilaggazdasag* in August, 1987.

¹²Gyorgy Spiro, "Jonnek," *Mozgo Vilag*, vol. 4 (1987), p. 45; and Gyorgy Aczel, "Szocializmus es a nemzeti kerdes," *Nepszabadsag*, July 18, 1987, p. 13.

the analogy with 1956 would suggest? There is reason to believe otherwise. First, the party has taken effective steps to prevent the coalescence of the intellectuals, the students and the workers into a cohesive pressure group; second, it has managed to divide the intellectuals into two distinct and opposing forces. Every effort by the dissidents or the reformers to seek a platform and explain their alternatives to the workers has been forcibly opposed by the authorities. As a Central Committee secretary noted to a group of journalists, "There will be no renewal of radical workers councils supported by puny intellectuals ever again!"

The regime has also used the tool of anti-Semitism very cleverly in dividing the intellectuals into two groups, the so-called populists and the "urbanists." Although the Writers Congress of 1956 and the Monor meeting of intellectuals in 1985 provided opportunities to bring the two groups together, their temporary coalescence quickly fell apart over the publication of a 1984 poem entitled "They Are Coming!" (*Jonnek*), and an article by Gyorgy Aczel entitled "Socialism and the National Question" (*Szocializmus es a nemzeti kerdes*)¹². In the former, Hungary's finest literary genius, Gyorgy Spiro, viciously attacks the populists; in the latter, Aczel (himself of Jewish origin) states "that today the so-called Jewish question has no objective foundation" (meaning that there are few Jews today in positions of power and influence), as if the Jewish question ever had or needed an "objective basis." Certainly, Gyorgy Aczel knows that in East Europe the presence or influence of Jews has never been a prerequisite for the existence of anti-Semitism. Such regime-supported efforts at driving a wedge between the potentially influential intellectuals nonetheless appears to have been successful: by 1987, the populists were no longer interested in a renewed coalescence with the urbanists, even against the embattled party elite.

There are two further, related reasons for the lack of a viable political confrontation. The army and the police are now specifically trained to quell unrest or a demonstration quickly and decisively. And the presence of some 45,000-62,000 Soviet soldiers, battle-ready, trained for internal missions and stationed on Hungarian soil, guarantees that the events of 1956 will not be repeated. There is another reason for inaction: the shadow of 1956. For the generation that survived the Revolution, the lessons of the Revolution have been painfully clear; this holds both for the party elite and for the opposition at large. This generation and its children have a real, existential stake in the system, regardless of its content. They realize that their options are severely limited: they are limited to survival, even if at considerably lower material levels, or to Soviet tanks at the door. While the younger generation has no direct memory of 1956, there are very few among them who would choose change at "any price"; most

members of this generation, sadly, are too alienated or apathetic to seek extreme solutions.

The immediate prospect, then, is that the regime will continue to rule on the basis of "business as usual." Unlike its predecessors, it no longer proclaims as its aim the reform and modernization of a backward country, a backward society. Rather, the party elite simply wants to preserve the dominance and power of a small elite; power in Hungary—as the noted writer Gyorgy Moldova bitterly observed—"has become as much of a fetish as capital is in the capitalist states."¹³ Society will continue to be restless and ill; some people will grumble about their impoverishment, and occasionally they will burn down a factory or two; a passive resistance tantamount to national sabotage will spread, and the economy will continue to fall further and further behind the West and the modernizing, capitalist Far East. The regime will continue to find "partners" who will continue to cooperate with its goals, for "only those who are truly at its mercy can be real partners with the exercise of power," and many individuals will always be at the regime's mercy.¹⁴ While the regime can thus prolong its rule, the major social and economic renewal, the reforms so much needed to catch up with the economic development of the West and the creation of a liberal, democratic consensus remain distant prospects indeed. ■

¹³Gyorgy Moldova, *Mehednek gyumolcse* (Budapest: Magveto, 1987), p. 87.

¹⁴Sandor Csoori at the Writers Union Congress in Budapest, November 29–30, 1987.

SOVIET POLICY TOWARD EAST EUROPE

(Continued from page 356)

apparatus of the CPSU Central Committee criticized the lack of development of direct production relations with Czechoslovakia: "Formation of joint enterprises has remained a mere wish."¹⁴

MOSCOW, EAST EUROPE AND THE OUTSIDE WORLD

In Budapest in April, Egor Ligachev, generally regarded as the number two man in the Kremlin, warmly endorsed Hungarian policies. He explained that

Each individual country can act independently. . . . In

¹⁴Foreign Broadcast Information Service, *USSR*, no. 67 (April 18, 1987).

¹⁵Quoted in Elizabeth Teague, "Ligachev Endorses Hungarian Reforms," *Radio Liberty Research* 163/87 (April 27, 1987).

¹⁶*Financial Times*, August 7, 1987.

¹⁷See, for example, the full page Romanian advertisement in *The Times* (London), April 7, 1987, entitled "A Conscious Forgery of History Under the Aegis of the Hungarian Academy of Sciences."

¹⁸*The New York Times*, February 15, 1987.

the past, it used to be said that the orchestra was conducted by Moscow and that everybody else listened. That is no longer the case.¹⁵

Though Ligachev obviously overstated the case—besides, the orchestra has practiced long enough to perform without a conductor—in the past year or so, East Europe has been given somewhat greater leeway in regard to the outside world.

Reports from the proceedings of the Conference on Security and Cooperation in Europe, meeting in Vienna since November, 1986, to review the implementation of the Helsinki Final Act, indicate that the Soviet Union is letting its allies take unprecedented initiatives in pursuing their national interests. In March, 1987, for example, Hungary seconded a Canadian proposal on the nationality question, which calls for the protection of minorities and their ethnic identities.¹⁶ This relates to the continuing Hungarian-Romanian dispute over the fate of some two million Hungarians in Transylvania. Earlier this year, the conflict entered a new and bitter phase on the occasion of the publication of a history of Transylvania by the Hungarian Academy of Science. By April, both parties to the dispute went public in the Western media.¹⁷ But in the Vienna discussions, East European spokesmen give no support to the Romanian human rights record when it is criticized by Western delegates. Similarly, Soviet leaders have distanced themselves from the ruthless Bulgarian campaign to assimilate some 1 million Turks. According to a former Turkish minority member of the Bulgarian Parliament, more than 1,000 people have been killed and 40,000 imprisoned during the "forced Bulgarianization" drive.¹⁸ At a time when Moscow is trying to polish its human rights image, the Romanian and Bulgarian records are an embarrassment.

Spurred on by Sino-Soviet talks on normalization of relations, the East European "five"—Romania has maintained ties with Beijing all along—quickly got ahead of the Soviet Union in reestablishing both government and party relations. The race to China was won in September, 1986, by Poland's Wojciech Jaruzelski, who narrowly beat East Germany's Erich Honecker. Zhao Ziyang, China's Prime Minister and acting CPC (Communist Party of China) General Secretary, spent most of June, 1987, in East Europe. In addition to legitimizing Sino—East European dialogue about reform, these exchanges—at the highest level in some 20 years—brought a series of new trade agreements. As a result, China's trade with the CMEA six tripled during 1984–1986.

Such initiatives as Warsaw's quest for the establishment of official relations with the Vatican, or Budapest's hosting the first meeting of the World Jewish Congress in East Europe earlier in 1987, surely required—and received—Moscow's prior consent. And while first Brezhnev and then Chernenko vetoed Honecker's intention to pay an official visit to West

Germany, the East German leader received Gorbachev's blessing to make the journey in September, 1987.¹⁹

THE EAST EUROPEAN RESPONSE

While this theme is best analyzed on a country-by-country basis (see below), several general trends are clearly discernible. Perhaps the most notable aspect of the current ideological posturing in East Europe is the role reversal between the advocates of change and the defenders of continuity. This is clearly seen in historical terms. When in 1946–1947 Stalin briefly tolerated the notion of “separate roads to socialism,” the formula was seized upon by the likes of Polish leader Wladyslaw Gomulka (among others) in defense of “national” interests and the “Polish road to socialism.” But by 1948, when Soviet leaders asserted ideological primacy and the uniform applicability of the Soviet “model” became binding on all “people’s democracies,” Gomulka was castigated for making “a big mistake by ignoring the experience of the U.S.S.R.”²⁰ Yet upon his return to power in 1956, Gomulka reiterated his earlier stand, arguing that the “underestimation or denial of national traits and peculiarities in the building of socialism is nihilistic dogmatism.”²¹

In the Brezhnev years, the emphasis on “particular,” “specific” and “national” conditions in East Europe generally implied defense of domestic autonomy and tended to be the rallying watchwords of the reformists. A case in point was the Action Program adopted by the reform-oriented leadership of the Czechoslovak Communist party in 1968. By contrast, the conservative ideologues in the Soviet bloc stressed the “binding character” of the “general laws of socialism,” pointing to the Soviet model as the norm.

Paradoxically, if logically, in 1986–1987 it is the foes of change, like Ceausescu, who defend “the national road to socialism” and the advocates of reform who uphold the validity of the Soviet model for their countries. The battle lines were clearly drawn in the spring of 1987 in Czechoslovakia, for example, where Lubomir Strougal, the perennial would-be reformist Prime Minister, took on ultraconservative Vasil Bilak, who was in charge of relations with fraternal countries and who had suddenly discovered the virtues of “national circumstances.”

¹⁹For a perceptive treatment of Honecker’s détente policies, see A. James McAdams, *East Germany and Détente: Building Authority After the Wall* (Cambridge: Cambridge University Press, 1985).

²⁰For details, see Zbigniew Brzezinski, *The Soviet Bloc: Unity and Conflict* (Cambridge, Mass.: Cambridge University Press, 1967), chs. 2–4.

²¹*Ibid.*, p. 343.

²²See *Rude pravo*, February 20 and March 3, 1987.

²³See, for example, Gabor Hunya, “New Developments in Romanian Agriculture,” *East European Politics and Societies*, vol. 1, no. 2.

Attempts became evident to limit the significance of the new experience of the CPSU . . . to the USSR alone [Strougal stated in March]. It is noteworthy that such views are articulated by people who previously recognized such national specifics only when the latter were in deep shadow of universally valid principles. If previously, they made absolute the universal, now for a change they are tempted to make absolute the specific. One can ask, [he continued] whether this attitude does not hide . . . their reluctance to change anything fundamental in our Czechoslovak experience.²²

While the disagreement surfaced on the eve of Gorbachev’s visit to Prague, the Soviet leader’s remarks there provided some comfort to both sides. “We are . . . far from . . . [calling] on anyone to imitate us,” he declared, after going over every principle of Soviet reform. But he also reminded his audience that “. . . one’s attitude to friends’ experience, and not just one’s own, [is a measure of] the soundness of the ruling Communist party.”

Second, with the exception of Jaruzelski’s Poland, none of the ruling groups is keen on “openness.” Unlike Gorbachev, whose criticism of the Brezhnev era has served as a potent tool of political mobilization, Czechoslovakia’s Gustav Husak, Bulgaria’s Todor Zhivkov, East Germany’s Erich Honecker, Hungary’s Janos Kadar and Romania’s Nicolae Ceausescu have racked up 120 years at the helm and therefore have no Brezhnevs to attack. But in addition to their reluctance to engage in self-criticism, they are also aware that the logic of glasnost in East Europe holds potentially perilous consequences: by opening the floodgates to liberalization and genuine democratization, they risk unleashing uncontrollable forces. That is why the ruling generation of East European oligarchs—nearly all of whom previously had to contend with political instability—has been visibly ill at ease with glasnost.

Third, as far as “restructuring” is concerned, economic reform has had clear support in Poland and Hungary, and no support in Romania and East Germany. Though initially they resisted, both Bulgaria and Czechoslovakia had jumped on the reformist bandwagon by the end of 1986 and mid-1987, respectively. By contrast, Romania has strengthened administrative controls over the economy in recent years.²³ Though Gorbachev would clearly welcome unity in East European ranks, Soviet leaders have tried to avoid overt pressure on the nonconformists.

Sound economic performance is one criterion in Moscow’s calculus, but political stability in East Europe rates even higher. East Germany’s exposed security position, on the one hand, and its relatively satisfactory economic performance, on the other, give Honecker elbow room for continuity. Though Romania leads the “rejectionist front” vis-à-vis perestroika and glasnost in East Europe, one consequence of Ceausescu’s austerity program has been a significant increase in Soviet-

Romanian trade (which is to increase 80 percent as part of the current five year plan) and in Romanian investments in Soviet projects over the past two years, developments bringing Bucharest more closely into the Soviet economic orbit.

CONCLUSIONS AND FUTURE PROSPECTS

While it would be premature to conclude that a full-fledged process of reassessment of relations with East Europe is under way in Moscow, the current leadership is clearly determined to break out of the immobilism of the Brezhnev era. And while the roots of the Gorbachev reform are internal, the ailments of Soviet-styled socialism that are now being addressed openly in the Soviet press and on television are endemic to the bloc. Bound as it is by historical, ideological, political, security and economic ties to Moscow, East Europe cannot escape the consequences of change in the Soviet Union over the long run. In this sense, the key question is whether there will be a long run for Gorbachev.

In the short run, Soviet perestroika has legitimized and widened the scope of policy reform in the bloc. If and when Soviet reforms develop a momentum, their impact on East Europe is likely to become more pronounced. The reformist fever already caught by yesterday's watchdogs of orthodoxy in Czechoslovakia is matched only by Bulgaria, whose penchant for reorganizing ministries and ministers is truly dizzying. For many East Europeans, Gorbachev's course offers a tantalizing prospect of a cultural thaw, of a less regimented and less censorious state, of more opportunities for private enterprise and initiative, especially in the service and agricultural sectors and, perhaps, for greater access to the West and Western ideas. That is why the nonparty intelligentsia in East Europe, including many opposition elements, welcome Moscow's new line.

Third, assuming that current trends continue and eventuate in reform in most of East Europe, divisions, social tensions and political conflict are likely to intensify. It may well be that, in the process of reforming the contemporary Communist states, the losers will outnumber the winners, at least in the short run. If the reform blueprints now under consideration are implemented consistently, the new demand on quality of goods and products, for example, will bring salary cuts for workers, who, manning outdated technology, are powerless to affect the quality of their output. The

insistence on self-financing of enterprises will mean layoffs and unemployment, both transitory and possibly permanent. Doing away with subsidies for food, as Poland and Hungary have already demonstrated, will dramatically increase the cost of living. These are only a few aspects of the economic reform that may undercut the social base of the reformists.

"New reforms could bring tensions and risks," warns a reform-oriented Hungarian official.²⁴ This applies not only to East Europe but, as several Moscow commentators have pointed out, to the Soviet Union as well.²⁵ To sum up the reformist dilemma, in the words of a protagonist in a current Soviet play: "Our drawback is that our economy depends on people who do not depend on it."

Fourth, assuming that Gorbachev can maintain both his position and the reformist course, he and his loyalists will have ample opportunities to influence the outcome of the succession in Prague, Budapest, Sofia and Berlin, all of whose leaders are in their mid-seventies, and in Bucharest, where Ceausescu (who will turn 70) apparently looks to his wife to carry on with "socialism in one family." But as of now, there are many fence-sitters among the East European political elites, who bide their time to see which way the wind is blowing before casting their lot with one or another group now vying for leadership.²⁶

Finally, East Europe also holds the potential for undoing Gorbachev. Because they involve contending factions in the struggle over power and policy, because of personnel turnover that affects the existing Soviet-East European elite coalitions, and because they entail both policy changes and a policy vacuum, Soviet leadership successions in the past have been accompanied by instability in East Europe. And while the Brezhnev to Andropov to Chernenko to Gorbachev transitions have been managed effectively in terms of East Europe, the growing diversity within the bloc (for which the latest developments in the Soviet Union surely provide a new impetus) could translate into political disunity. More important, if the East Europeans someday rally under the banner of glasnost to demand political democratization beyond the bounds of party-controlled change—which the Czechs, Hungarians and Poles have been prone to do in the past—the ensuing threat of instability would provide a severe test of Moscow's "new thinking."

Even though Gorbachev is no more likely to preside over the dismantling of the Soviet bloc than his predecessors, he must be mindful of the perils encountered by Khrushchev and Brezhnev. In 1956, Soviet reformers greeted Khrushchev's de-Stalinization, only to watch the Red Army turn the Hungarian revolution (and Khrushchev's campaign) into rubble. In the mid-1960's, they applauded the projected Kosygin-Lieberman economic reforms in the Soviet Union. But when the same reforms were taken up by the Czechs

²⁴Peter Lorincze, "Hungary Must Press on with Reforms," *Wall Street Journal*, July 3, 1987.

²⁵This argument was developed by Tat'yana Zaslavskaya in her famous 1983 "Novosibirsk report," *Survey*, vol. 28, no. 1 (Spring, 1984), and reiterated more recently, for example, by Anatolii Butenko, "Perestroika i sotsial'naya bor'ba v obshchestve," *Moskovskie novosti*, no. 1, January 4, 1987.

²⁶For an insightful treatment of this issue in the context of United States policy, see William H. Luers, "The U.S. and Eastern Europe," *Foreign Affairs*, Summer, 1987.

and Slovaks in 1968—and were extended into the political sphere along the lines envisioned by Gorbachev—Soviet tanks rolled into Prague, and buried the fortunes of the would-be reformists in Moscow as well.

Soviet–East European relations constitute a vicious circle. Soviet control leads to stagnation and immobilism in East Europe, which in turn undermines the ability of the local power elites to maintain authority, except by force. But Soviet attempts at reform generate demands for more radical change in East Europe, threatening Soviet security concerns, bringing on Soviet interventionism, thereby setting back the clock of Soviet domestic reform in the process. If the past provides any clues to the future, sooner or later East Europe will once again challenge Moscow's ability to square the circle.

Seen in this context, Gorbachev's dilemma is how to reverse the decline of "socialism in one empire" without raising the expectations of East Europeans beyond the capacity of the local leadership groups to satisfy or contain the aspirations engendered by Soviet perestroika and glasnost. That is also why East Europe may well prove to be the testing ground of the limits of reform in one-party Communist states. ■

EAST GERMANY

(Continued from page 381)

sification," capital costs and world market prices.²⁸ The demarcation of authority among ministries, the *Kombinate*, and individual enterprises is elusive. Western critics have no difficulty in identifying elements of the *Kombinat* reform that would appear inimical to the GDR's goals of technological innovation and enhanced efficiency, such as the *Kombinate's* daunting size and their monopoly position.

The "GDR model," then, represents not a coherent vision of the economy as a whole, but rather a series of ad hoc decisions reflecting a variety of influences. Whether for ideological reasons or simply in order to discourage excessive expectations, the regime has decided to leave untouched the fundamental ideal of a rationally planned economy under the centralized direction of the party. But this principle is joined somewhat awkwardly to elements and slogans borrowed from the New Economic System, policies imitating Soviet precedents (e.g., counterplans) and pragmatic responses to the exigencies of the credit

crunch of the early 1980's, and to the GDR's labor shortage and difficult energy and raw materials situation.

Yet the GDR "model" works, at least for the moment, and by the standards of the East bloc indeed it appears to work well. It is useful to remember that no economic system in the real world is an integrated, logically consistent whole. All involve mixtures in varying proportions of market influences and planning, of bureaucratic regulation and individual initiative, of monopoly and competition. As long as the East German economy performs satisfactorily, the present pattern of tinkering with the details of the system is apt to persist.

ECONOMIC REFORM AND POLITICAL CHANGE

To East Germany's leaders, one of the attractions of its present economic system is unquestionably its apparent lack of utility as a lever for promoting political reform. They are undoubtedly conscious of the presence in the GDR of most of the elements that could coalesce into a broad movement for political reform, a possibility more disconcerting in the context of the inter-German treaty and warming inter-German relations. Such well-publicized phenomena as the autonomous peace and ecology movements with their close ties to the East German Evangelical Church, persistent unrest and the constant testing of limits by prominent intellectuals, the rise of a youth "counter-culture" and the continuing reports of a sizable number of East German citizens who have applied for exit permits must also be viewed in conjunction with the diminishing ability—and possibly desire—of the regime to control them.²⁹ What is lacking thus far is any linkage of these tendencies to demands for economic change such as those that played so important a role in Czechoslovakia in 1968 and in Poland in 1980.

Perhaps the most compelling argument against economic reform to East European party leaders is that strengthening the hand of factory managers, workers, consumers, and the market will weaken if not undermine the leading role of the party. On one level, the concern is that of lower- and middle-level officials (of both party and state) who fear that the loss of their right to intervene in economic matters will erode their power base;³⁰ it is the resistance of such officials that has been repeatedly cited as a major obstacle to reform in the Soviet Union. On another level, the concern is with the influence of the party as an institution in society at large; much of its traditional importance has been based on its role as economic manager, personnel recruiter, and mobilizer, all of which market-oriented reforms would at least sharply reduce.

In Yugoslavia, Hungary, Czechoslovakia, Poland, and now the U.S.S.R. itself, pressures for economic reform have brought with them demands for an expansion of workplace democracy—if not full self-

²⁸See Manfred Melzer and Arthur A. Stahnke, "The GDR Faces the Economic Dilemmas of the 1980's," in *East European Economies*, vol. 3, pp. 155–158.

²⁹For recent examples of protest petitions in the GDR and the regime's relatively mild response to them, see Kevin Ball, "New Voices from East Berlin," *Labour Focus on Eastern Europe*, November, 1986, pp. 35–36.

³⁰See John B. Hall, "Reform-Bargaining in Hungary: An Interview with Dr. Janos Matyas Kovacs," *Comparative Economic Studies*, vol. 28 (Fall, 1986), pp. 25–42.

management, at least some form of election of managers and participation in other decisions.

The development of some sort of system of interest representation in the political sphere is sometimes said to be another natural concomitant of economic reform. Once enterprises, private businessmen, peasants, and others are granted broader economic opportunities and face more genuine economic risks, their incentive to organize for their own political advantage grows.

Successful economic reform, it is widely held, cannot proceed or win broad support in the absence of a broad, free-wheeling public debate over its components and likely benefits and disadvantages—both among specialists and representatives of those most likely to be affected by them. Such a debate—and Hungary is the most compelling example of it to date—can hardly be expected to leave the political system untouched, nor is it likely to coexist easily with rigid censorship of critical social or cultural perspectives.

Finally, market-oriented economic reform is said to have a number of at least short-term negative social effects, and these effects bring with them political consequences. The fear of unemployment, or at least of wrenching job changes, has accompanied reform proposals in almost every East European state. Other possible social consequences of reform include increased corruption, widespread “moonlighting” with its attendant impact on family stability, and even the expansion of the second economy, which reform is often meant to curtail.

East Germany has not been able to avoid most of the negative social consequences in its own economic model. Indeed, the need for a highly differentiated system of economic rewards is openly proclaimed, and the specter of unemployment raised by the introduction of the “Contribution to Social Funds” has not been exorcised by regime protestations. In general, official emphasis on the scientific-technological revolution and on economic growth at all costs carries with it a willingness to tolerate social and environmental costs as well as awkward ideological problems no less severe than (and sometimes no different from) those implied by market reform.

On the other hand, the SED has been able thus far to resist any serious erosion in its own dominating position in East German life, has met pressures for “socialist democracy” with transparent tokenism, has restricted the development of a system of interest representation (in spite of some cautious scholarly discussion of the topic), and has kept explicit debate over economic as well as political reform out of the official media. Glasnost, as noted earlier, has yet to make its appearance in East Berlin.

To date, then, East Germany has been remarkably successful in carrying out enough changes in its economic system to permit it to adapt to changing tech-

nologies and international circumstances without unleashing irresistible pressures for fundamental political change. How long it will be able to continue to do so is less clear. The political and economic equilibrium that the GDR has attained strikes the observer as incomplete and unstable.

First, internal pressures for political change may be generated by the logic of the GDR's system just as they are elsewhere by radical market reforms. The position of the *Kombinat* general directors, for example, suggests the possibility of a shift in political power relationships—although not necessarily “democratization”—as these pivotal figures seek to build coalitions and to overcome bureaucratic obstacles in the struggle for scarce resources. More broadly, the SED's commitment to the STR, and especially to future-oriented “key technologies,” can probably not be implemented without a substantial opening up of its heretofore tightly controlled information system.

Second, Western critics have argued—and some East German economists agree—that the GDR's economic successes in the early 1980's have depended heavily on the short-term benefits of *Kombinat* formation, one-time measures (e.g., the installation of insulation) taken to curb the wasteful use of resources, and an export strategy (emphasizing refined oil products) that is no longer viable. Sustained growth, it is argued, will require measures going beyond those contained within the present system and will inevitably entail broader political consequences.

Third, the GDR now must face significant external pressures issuing from the introduction of both economic and political reforms elsewhere in the East bloc, above all in the Soviet Union. Mikhail Gorbachev has denied the intention of imposing his reform program on other bloc members; he can in fact have little interest in risking political upheaval in a country whose economy is presently the most successful in the bloc and whose reliable economic performance is vital to his plans for his own country. On the other hand, the GDR's long devotion to the Soviet example will make it difficult for it to proceed as the single bastion of the centrally planned economy in East Europe while detailed Western reports on Soviet reforms and their echoes elsewhere in the bloc enter East German living rooms each evening.

Thus the GDR's experience may ultimately prove to confirm the conventional wisdom, too. As long as East Germany maintains a level of economic performance superior to that of its reform-minded allies and continues to fend off political change, the validity of the conventional wisdom must remain in question. But in the absence of a successful alternative model demonstrating the virtues of market socialism, the case with which East Germany confronts the conventional wisdom cannot easily be dismissed. ■

THE MONTH IN REVIEW

A Current History chronology covering the most important events of September, 1987, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Arab League

Sept. 20—In Tunis, the foreign ministers of the Arab League announce a heads-of-state meeting in Jordan on November 8; the Iran—Iraq War and possible sanctions against Iran will be discussed.

Arms Control

Sept. 14—In Geneva, U.S. negotiators offer new concessions aimed at effecting a medium- and short-range missile treaty between the U.S. and the U.S.S.R.

Sept. 15—In Washington, D.C., Soviet Foreign Minister Eduard Shevardnadze and U.S. Secretary of State George Shultz sign an agreement to establish a second set of hot-line centers to reduce the risk of nuclear war.

Sept. 18—U.S. President Ronald Reagan announces that he and Soviet General Secretary Mikhail Gorbachev will meet this fall to sign a now nearly completed arms control agreement that will ban all Soviet and U.S. short- and medium-range nuclear missiles; Soviet Foreign Minister Shevardnadze and U.S. Secretary of State Shultz are scheduled to meet in Moscow in October to complete various details of the agreement, including verification.

Conference on the Environment

Sept. 16—At a meeting in Montreal, Canada, 24 nations, plus members of the European Economic Community, sign an agreement to reduce the use of chemicals that destroy the earth's ozone layer.

International Monetary Fund (IMF)

Sept. 29—Addressing the opening session of the IMF and World Bank meeting in Washington, D.C., U.S. President Reagan calls on Japan and West Germany to have the "gumption" to take the necessary unpleasant economic measures to aid a sluggish world economy.

International Terrorism

Sept. 17—U.S. Attorney General Edwin Meese 3d announces the arrest in international waters of a Lebanese national, Fawaz Younis, on charges of hijacking a Jordanian jetliner in 1985 that was carrying 70 passengers.

Iran—Iraq War

(See also *Intl, Arab League, UN; U.S., Foreign Policy*)

Sept. 1—Iraq claims to have hit 6 Iranian tankers, while Iran says it attacked a Spanish tanker.

Sept. 2—Iraqi planes attack 7 ships in the space of 24 hours.

Sept. 3—In the last 6 days, Iran and Iraq have hit and damaged some 20 ships; 2 sailors have been killed.

Sept. 5—Kuwait exiles 5 Iranian diplomats because of the missiles fired by Iran that recently landed in Kuwaiti territory.

Sept. 8—After a 3-day lull, Iraq renews attacks on maritime targets, including Iran's Kharg Island.

Sept. 10—Iraqi planes raid Iranian factories, oil installations and power plants, while Iran attacks a Saudi oil tanker.

Sept. 21—The U.S. reports that a U.S. helicopter gunship attacked an Iranian landing craft in the Persian Gulf; the U.S. says it caught the Iranian ship laying mines; three Iranian sailors are killed and 26 are taken prisoner.

An Iranian gunship reportedly fires on a British tanker near Bahrain.

Sept. 22—In details released today, the U.S. State Department says that 10 mines were found on the captured Iranian ship and 6 mines had already been dropped into the Persian Gulf.

Sept. 24—The U.S. Defense Department says that all mines laid by the *Iran Ajr* minelayer have been cleared.

Sept. 26—The U.S. sinks the *Iran Ajr* after evacuating the ship's crew and towing the empty ship out to deep water.

Sept. 27—Iraqi planes raid 4 Iranian oil tankers during a 36-hour period.

In Iraq, U.S. Defense Secretary Caspar Weinberger calls for a different government in Iran, not an irrational or fanatical one.

The 26 captured sailors from the *Iran Ajr* are turned over to Iranian custody in Oman.

Sept. 28—A new minefield is located in the Persian Gulf in a deep-water channel near Dubai that must be used by ships to avoid the Iranian side of the waterway; the U.S. Navy locates at least 3 mines.

United Nations (UN)

(See also *Pakistan; U.S., Foreign Policy*)

Sept. 2—The 5 permanent members of the UN Security Council ask UN Secretary General Javier Pérez de Cuéllar to begin a peace mission to Iran and Iraq at the request of Iran; the Council sets conditions under which the trip will be made.

Sept. 4—The UN Security Council gives its unanimous support to UN Secretary General de Cuéllar's peace mission to Iran and Iraq.

Sept. 8—According to UN officials, the war crime files of the UN about Nazi activity in World War II will be opened this month.

Sept. 11—UN Secretary General de Cuéllar arrives in Teheran for the start of his mission to end the Iran—Iraq War.

Sept. 13—Speaker of the Iranian Parliament Hashemi Rafsanjani says Iran will accept a cease-fire if the UN will label Iraq as the aggressor in the conflict.

Sept. 14—The 42d UN General Assembly convenes today for a 12-week session.

Sept. 15—The session officially begins with East Germany's Peter Florin as Assembly president.

Sept. 21—U.S. President Ronald Reagan addresses the UN, asking the Security Council to "rapidly adopt enforcement measures" against Iran if Iran does not agree to a cease-fire in the Iran—Iraq War.

Sept. 22—Addressing the General Assembly, Iranian President Ali Khamenei denounces yesterday's U.S. attack on an Iranian ship in the Persian Gulf, calling U.S. President Reagan's account of the incident "a pack of lies"; Khamenei does not make a commitment to the proposed cease-fire in the Iran—Iraq War.

Sept. 23—Great Britain calls on the Security Council to impose sanctions on Iran.

Sept. 25—The 5 permanent members of the Security Council agree to ask the Secretary General to continue his efforts for a cease-fire in the Iran—Iraq War.

Sept. 29—Israeli Foreign Minister Shimon Peres outlines to the General Assembly an Israeli plan for a peace conference on the Middle East; the plan calls for direct negotiations between the involved parties.

AFGHANISTAN

Sept. 10—Peace negotiations in Geneva between the Soviet-backed Afghan government and Pakistan break off; no consensus is reached on a proposed withdrawal of Soviet troops from Afghanistan.

ALBANIA

(See *Germany, West*)

ARGENTINA

Sept. 7—President Raul Alfonsín's Radical Civic Union party suffers a serious loss to the Peronists (Justicialist party) in today's national election; the Peronists win control of the Chamber of Deputies and the governorship of the province of Buenos Aires.

Sept. 8—The entire Cabinet offers its resignation to President Alfonsín after yesterday's loss to the Peronists.

AUSTRIA

(See *Vatican*)

BELGIUM

(See *UK, Great Britain*)

BURUNDI

Sept. 3—While attending a conference of French-speaking nations in Canada, President Jean-Baptiste Bagaza is ousted from power by a military coup.

Sept. 19—Burundi's new leader, Major Pierre Buyoya, releases 200 political prisoners.

BRAZIL

Sept. 9—Agrarian Reform Minister Marcos Freire dies along with 8 others in a plane crash in Carajás.

CANADA

(See also *U.S., Foreign Policy*)

Sept. 2—A meeting of the leaders of 41 French-speaking countries starts in Quebec.

Sept. 5—The summit meeting of French-speaking leaders ends.

Sept. 11—In Ontario's legislative election, the Liberal party wins 95 of the 130 legislative seats.

CHAD

(See also *Libya*)

Sept. 5—Chadian forces attack and capture the Libyan air base at Matan as Sarra in Libya.

Sept. 7—French forces stationed in Chad use an American-made missile to down a Libyan bomber; the Libyan plane was about to attack Chad's capital, Ndjamená.

Sept. 24—Chad and Libya agree to allow the Organization of African Unity (OAU) to mediate the dispute between the 2 countries over the Aozou strip.

CHINA

Sept. 25—President Li Xiannian says that he will retire next month from the Politburo and hopes to retire from the presidency in the near future.

Sept. 27—In an interview, Prime Minister Zhao Ziyang says that he is reluctant to be named General Secretary of the Communist party and would prefer to "look after economic affairs"; Zhao is expected to be named General Secretary at the 13th party congress in October.

COLOMBIA

Sept. 28—At least 100 people are believed dead and 100 others missing as the result of a mudslide in a shantytown outside of Medellín.

COSTA RICA

(See *U.S., Foreign Policy*)

DENMARK

Sept. 10—Prime Minister Poul Schlüter offers his resignation after his coalition suffers a major defeat in the September 8 elections; Queen Margrethe asks Schlüter to stay on and attempt to form a new government.

EL SALVADOR

Sept. 22—President José Napoleón Duarte states that rebel forces fighting his government have agreed to accept conditions for peace talks, which will start on October 4.

ETHIOPIA

Sept. 10—Ending 12 years of military rule, Ethiopia's new civilian legislature elects former military leader Mengistu Haile Mariam as the country's President; Mengistu will still have the same powers he had previously as leader of the military regime.

FIJI

Sept. 25—For the second time in 5 months, Colonel Sitiveni Rabuka stages a coup, this time against the interim government of Governor General Ratu Sir Penaia Ganilau; Rabuka says that the coup is needed to ensure control of the government by indigenous Fijians.

Sept. 28—Colonel Rabuka says that he has abolished the Fijian constitution and will ensure that a new constitution preserves control over the government by native Fijians.

Sept. 29—Rabuka declares that Fiji is now a republic and will not maintain its membership in the Commonwealth.

Sept. 30—Former Prime Minister Timoci Bavadra is released from prison; Bavadra was deposed in the first coup by Colonel Rabuka in May.

FRANCE

(See also *Chad; U.S.S.R.*)

Sept. 13—In today's referendum in New Caledonia, an overwhelming majority of those voting want New Caledonia to remain a French territory; however, a significant number of Melanesians boycott the voting.

Sept. 15—The French-dominated Arianespace Company successfully launches a rocket from its base in French Guiana; the launch ends a 16-month lull in the program.

GERMANY, EAST

(See also *Intl, UN; Germany, West*)

Sept. 7—East German leader Erich Honecker arrives in West Germany for the start of his official visit; Honecker is the first East German leader ever to visit West Germany.

Sept. 11—Erich Honecker ends his visit to West Germany.

GERMANY, WEST

(See also *Intl, IMF; Germany, East; U.S.S.R.*)

Sept. 8—Kidnapped West German engineer Alfred Schmidt is released by his captors in Lebanon.

In Bonn, East German leader Erich Honecker and West German Chancellor Helmut Kohl end 2 days of talks; at the talks, Chancellor Kohl asks Honecker to end the East German policy of shooting East German would-be defectors attempting to cross the border into West Germany.

Sept. 15—According to a report in a West German newspaper, a group of West German computer hackers have broken into the computer system of the U.S. space agency, gaining access to sensitive information.

West Germany says that it will reestablish diplomatic relations with Albania.

HUNGARY

(See *Israel*)

INDIA

Sept. 23—Government officials announce that India will be sending more troops to Sri Lanka, due to the recent outbursts of violence between ethnic Tamil groups.

Sept. 28—India reaches an agreement with the Tamil Tiger militant group that will ensure that the Tigers have a majority vote in a 12-member interim council administering northern and eastern Sri Lanka.

IRAN

(See also *Intl, Arab League, Iran—Iraq War, UN; Kuwait; U.S., Foreign Policy, Legislation*)

Sept. 28—Teheran radio reports that Mehdi Hashemi, a former aide to Ayatollah Hussein Montazeri, has been executed by firing squad in Teheran; Hashemi, who was tried in August and found guilty of "corruption on earth," was also linked with the revelation of Iranian arms dealing with the U.S.

IRAQ

(See *Intl, Iran—Iraq War, UN; U.S., Foreign Policy*)

ISRAEL

(See also *Intl, UN*)

Sept. 2—Moshe Arens resigns from the Cabinet, citing his dissatisfaction with the Cabinet's decision to discontinue the Lavi jet fighter project.

Sept. 5—Israel bombs several Palestinian-occupied areas outside Sidon in Lebanon; Israel claims that the areas were bases for terrorist attacks. At least 41 people are reported killed.

Sept. 14—Israel and Hungary announce the establishment of diplomatic "interest sectors" in each other's countries.

Sept. 23—Israel denies charges made by Iraq and Syria that South Africa and Israel are building a joint nuclear arsenal.

ITALY

(See also *Vatican*)

Sept. 21—Licio Gelli, a financier sought in connection with the Vatican's Banco Ambrosiano collapse and other scandals, surrenders to police in Geneva; Gelli escaped from a Swiss prison in 1983.

JAPAN

(See *Intl, IMF*)

JORDAN

(See *Intl, Arab League, International Terrorism*)

KOREA, SOUTH

(See also *U.S., Foreign Policy*)

Sept. 1—Thousands of students riot at college campuses throughout the country as the fall academic term begins.

Sept. 2—Workers in Ulsan resume their strike against Hyundai Heavy Industries.

Sept. 19—Former Prime Minister Kim Jong Pil announces that he will enter the presidential campaign.

Sept. 30—Kim Young Sam officially announces that he is a candidate for President.

KUWAIT

(See also *Intl, Iran—Iraq War*)

Sept. 4—Kuwait says that a missile of unknown origin landed harmlessly in Kuwaiti territory today; experts believe the missile may have come from Iran.

LEBANON

(See *Intl, International Terrorism; Germany, West; Israel; Libya*)

LIBYA

(See also *Chad; U.S., Foreign Policy*)

Sept. 21—Sources in Lebanon say that at least 800 Druse militiamen have been recruited by Libya as mercenaries to join the Libyan forces fighting against Chad.

NICARAGUA

(See also *U.S., Foreign Policy*)

Sept. 12—A group of 1,000 Roman Catholics welcome 2 priests back from exile; the priests have been invited to return by the Sandinista government.

Sept. 20—The Sandinista government lifts its ban on the opposition newspaper *La Prensa*.

Sept. 22—The government announces its rescission of a ban against a Catholic radio station; the government says that it is also considering a cease-fire in certain areas of the country.

Sept. 23—A Roman Catholic Church-sponsored research group says that at least 84 people were killed in attacks by contras on state-supported farms from February to July, 1987.

Sept. 24—A coalition of Miskito and other Indian groups announces its intention to seek a cease-fire in its hostilities with the Sandinista government.

PAKISTAN

(See also *Afghanistan; U.S., Legislation*)

Sept. 24—In a speech at the UN, Prime Minister Mohammed Khan Junejo proposes a nuclear test ban in South Asia.

PHILIPPINES

Sept. 1—Armed forces Chief of Staff Fidel Ramos says that last week's coup attempt has increased factionalism within the armed forces and has lessened their ability to fight the Communist insurgency.

Sept. 2—The Cabinet of President Corazon Aquino says it will support legislation designed to increase pay for the military.

Sept. 5—The army releases most of the troops that were involved in last week's coup attempt, returning them to active duty; President Aquino, however, says that she will not give amnesty to the coup's leader, Colonel Gregorio Honasan, who is still at large.

Sept. 9—The Cabinet offers its mass resignation from the government; the move is believed to be an effort to help President Aquino reorganize her government in response to the dissension that caused last month's coup attempt and to the recent comments made by her closest adviser, Executive Secretary Joker Arroyo.

Sept. 16—Citing differences with President Aquino, Vice President Salvador Laurel resigns from his post as foreign secretary; Laurel will remain in the government as Vice President.

President Aquino replaces Finance Minister Jaime Ongpin with Public Works and Highways Secretary Vicente Jayme.

Sept. 17—President Aquino dismisses Joker Arroyo from his position as Executive Secretary.

Sept. 19—Prominent leftist labor leader Leandro Alejandro is assassinated in Manila.

POLAND(See *U.S., Foreign Policy*)**SAUDI ARABIA**(See *Intl, Iran—Iraq War; U.S., Legislation*)**SOUTH AFRICA**(See also *Israel*)

- Sept. 1—At least 50 miners are believed dead after an elevator they are riding falls down a 4,600-foot mineshaft.
- Sept. 17—A report by a presidential advisory board recommends reforms to the antiapartheid laws governing the segregation of multiracial areas.
- Sept. 21—President P. W. Botha says that South Africa is ready to enter discussions on signing the 1970 Nonproliferation Treaty on nuclear weapons.
- Sept. 24—In Transkei, 6 Transkeian Cabinet ministers resign as the result of a financial scandal.

SRI LANKA(See also *India*)

- Sept. 14—Members of the militant Tamil Tigers separatist group attack another group of rival Tamil separatists, killing 68 people.

SYRIA(See *Israel, U.S., Foreign Policy*)**TUNISIA**

- Sept. 27—The trial of 90 Islamic militants charged with sedition ends, with 7 of the defendants given the death sentence; sources say that 37 of the defendants, including 5 of those sentenced to death, were tried in absentia.

TURKEY

- Sept. 7—In the results of today's national referendum, a narrow majority elects to end the prohibition on political activity that has been imposed on many of the country's leading politicians; the 10-year bans were implemented by the military from 1980 to 1983.

U.S.S.R.(See also *Intl, Arms Control; Afghanistan; U.S., Foreign Policy*)

- Sept. 1—Moscow city authorities ban public protests in central areas of the city, including Red Square and the Kremlin.
- Sept. 4—The trial of teenage West German pilot Mathias Rust ends in the Soviet Supreme Court; Rust, who flew unimpeded and without permission into Red Square, is found guilty of various crimes and sentenced to 4 years in a labor camp.
- Sept. 5—A U.S. congressional delegation tours the top-secret radar complex at Krasnoyarsk; the base has been a point of contention in arms control talks, because the administration of U.S. President Ronald Reagan maintains that the existence of the base violates the 1972 Antiballistic Missile Treaty.
- Sept. 7—Six prominent Soviet Jews are given permission to emigrate.
- Sept. 20—Soviet authorities tell U.S. officials that the U.S.S.R. plans to lessen restrictions on emigration by Soviet Jews.
- Sept. 29—Soviet General Secretary Mikhail Gorbachev greets a French Socialist delegation at the Kremlin; this is Gorbachev's first public appearance since August 7, ending speculation about his health.

UNITED ARAB EMIRATES(See *Intl, Iran—Iraq War*)**UNITED KINGDOM****Great Britain**(See also *Intl, Iran—Iraq War, UN*)

- Sept. 2—Britain agrees to extradite 26 soccer fans to Belgium; the fans, from Liverpool, will stand trial on manslaughter charges for the deaths of 39 people in the 1985 riot at the Heysel stadium in Brussels.

UNITED STATES**Administration**

- Sept. 1—The Food and Drug Administration approves the use of a new drug, lovastatin, to lower the cholesterol level of the blood.
- The Occupational Safety and Health Administration (OSHA) orders a 90 percent cut in industrial benzene levels within 5 months.
- Sept. 2—Secretary of Transportation Elizabeth Dole issues a ruling that will require that airlines disclose data on flight delays by early 1988.
- Sept. 3—The National Transportation Safety Board and the Canadian Aviation Safety Board call for new and stricter rules for trans-Atlantic navigation and new flight rules for airliners over the Atlantic; two U.S. jets recently came within 30 feet of each other because of faulty navigation by a Delta Airlines crew.
- Sept. 7—The Department of Health and Human Services announces that average life expectancy in the U.S. is 74.9 years, with white female expectancy, 78.7 years; white male expectancy, 72.0 years; black female expectancy, 73.6 years; and black male expectancy, 65.3 years.
- Sept. 11—Under Secretary of Defense Richard Godwin, who acts as chief of military purchasing, announces that he will resign because he believes his control over the purchasing process is inadequate.
- Sept. 14—Secretary of Transportation Dole resigns, saying that she will devote her time to the presidential campaign of her husband, Senator Robert Dole (R., Kan.).
- The administration informs Congress that it will ask for a 38.5 percent increase in Medicare premiums in 1988.
- Sept. 17—Beryl Sprinkel, chairman of the Council of Economic Advisers, resigns as of September 18.
- In Philadelphia, President Reagan speaks at a celebration of the 200th anniversary of the signing of the Constitution.
- Sept. 18—The Federal Aviation Administration publicly chastises Delta Airlines for poor training and flight operations; Delta has been involved in numerous hazardous situations in the past few months.

Economy

- Sept. 1—The Commerce Department reports that its index of leading indicators rose 0.5 percent in July.
- Sept. 4—The Federal Reserve Board raises its discount rate from 5.5 percent to 6 percent; leading banks raise their prime rate to 8.75 percent.
- Sept. 11—The Commerce Department reports a record foreign trade deficit of \$16.5 billion in July.
- The Labor Department reports that the producer price index remained steady in August.
- Sept. 18—In a revised report, the Commerce Department reports that the gross national product (GNP) grew at an annual rate of 2.5 percent in the second quarter of 1987; last month, the department reported that the growth rate was 2.3 percent.
- Sept. 22—The Dow Jones Industrial Average of 30 blue chip

stocks makes its largest ever single-day gain, rising 75.23 points to 2,568.05 points.

Sept. 23—The Labor Department reports that the consumer price index rose 0.5 percent in August.

Sept. 30—The Commerce Department reports that its index of leading economic indicators rose 0.6 percent in August.

Foreign Policy

(See also *Intl, Arms Control, IMF, International Terrorism, Iran—Iraq War; Germany, West; Iran; U.S.S.R.; Vatican*)

Sept. 1—The State Department reports that the U.S. is asking the UN Security Council to impose a worldwide arms embargo on Iran if Iran does not agree to a general cease-fire in the Iran—Iraq War.

Sept. 2—Ambassador to Syria William Eagleton Jr. returns to Syria after a 10-month absence, because the U.S. is satisfied that U.S.-Syrian relations have "returned to normal."

Sept. 10—Pope John Paul II arrives in Miami to start a 10-day trip in the U.S.; he is greeted by U.S. President Ronald Reagan.

The U.S. and the U.S.S.R. protest to Libya about the Libyan sale of Soviet-made mines to Iran.

Sept. 13—Soviet Foreign Minister Eduard Shevardnadze arrives in Washington, D.C., for talks about a possible summit meeting.

Sept. 14—President Ronald Reagan meets in Washington, D.C., with South Korean ruling party leader and presidential candidate Roh Tae Woo.

Sept. 22—The State Department reports that the U.S. and Poland will exchange envoys after a 4-year hiatus.

In Washington, D.C., Costa Rican President Oscar Arias Sánchez presses President Reagan and Congress to give the Central American peace plan a chance to succeed.

Sept. 23—Canadian negotiators walk out of discussions about the proposed U.S.-Canada free-trade agreement, charging that the talks are at an impasse since the U.S. will not change its bargaining position; U.S. negotiators had hoped to conclude the agreement by October 3.

Sept. 25—President Reagan insists that the Central American peace plan proposed by Costa Rica has "inevitable complications" and that he will continue to work for continued military aid for the Nicaraguan contras; he feels that Nicaraguan efforts toward democratization might turn out to be "mere show."

Sept. 27—Vice President George Bush meets in Warsaw with Polish leader General Wojciech Jaruzelski and says that the U.S. will aid Poland to restructure and reduce its \$35-billion foreign debt.

Labor and Industry

Sept. 17—The United Auto Workers and the Ford Motor Company agree on a tentative labor contract for 104,000 workers; the contract will increase job security for the union members.

Sept. 30—Ford Motor Company workers approve a new labor contract with the company by a 3-1 majority.

Legislation

Sept. 15—The Senate Judiciary Committee begins its nationally televised hearings on the confirmation of U.S. Appeals Court Judge Robert Bork as an Associate Justice of the Supreme Court.

In opening remarks, Senator Edward M. Kennedy (D., Mass.) charges that Bork will overturn many Supreme Court rulings "that seek to fulfill the promise of justice for all Americans." Senator Orrin Hatch (R., Utah) declares that Bork is "one of the most qualified individuals ever nominated to serve on the Supreme Court." Four members of the Judiciary Committee are undecided on the Bork

nomination: Arlen Specter (R., Pa.), Dennis DeConcini (D., Ariz.), Robert C. Byrd (D., W. Va.) and Howell Heflin (D., Ala.).

Sept. 16—Answering questions from Senator Heflin, Bork asks the committee not to judge him on his "speculative" writing and defends his role as Solicitor General in firing Watergate special prosecutor Archibald Cox. Heflin, Specter, DeConcini and the committee chairman, Senator Joseph Biden Jr. (D., Del.), challenge Bork's change of views on First Amendment rights, expressing fears that Bork would rule against women and minorities on issues like contraception and abortion.

Sept. 19—The first phase of the committee hearings ends; Bork says that as a Supreme Court Justice, he would not be guided by "some personal political agenda," but by the Constitution's text and the framers' intent.

Sept. 21—Witnesses from the American Bar Association, the Yale Law School and others begin the 2d phase of the televised Bork hearings, testifying both for and against the Bork nomination.

Sept. 22—Vice President George Bush provides the tie-breaking vote as the Senate decides not to reduce by \$2 billion the funding for the Strategic Defense Initiative (SDI) program.

Sept. 23—By a 64-34 vote, the Senate decides to adopt new measures to enforce the Gramm-Rudman balanced budget law; new measures will include automatic spending cuts if the President and Congress cannot agree on deficit reduction ceilings; the measure was passed by the House on September 22.

In the same bill, the federal debt ceiling is raised from \$2.3 trillion to \$2.8 trillion.

Sept. 25—The Senate votes 90 to 0 to confirm U.S. District Court Judge William S. Sessions as director of the Federal Bureau of Investigation (FBI).

In a 70-27 vote, the Senate approves stop-gap spending legislation to permit the government to operate until November 10; \$3.5 million in humanitarian aid for the Nicaraguan contras is included in the bill. The House has approved 10 regular spending bills for fiscal 1988, but the Senate has approved only 1 of the 13 proposed bills.

Sept. 28—Senate Majority Leader Robert Byrd suggests that the Senate Judiciary Committee send the Bork nomination to the Senate floor without any recommendation by the committee.

A group consisting of 48 Democratic and 18 Republican Senators sends a letter to President Reagan asking him not to sell some \$1.4 billion in arms to Saudi Arabia.

Sept. 29—The Senate votes 98 to 0 to ban all Iranian imports, including oil; the proposal is an amendment to the 1988 defense authorization bill.

Congress suspends aid to Pakistan for a 6-week period and fails to renew Pakistan's exemption from a U.S. law that restricts foreign aid to countries that import materials to develop nuclear weapons; the Reagan administration had requested that Pakistan be given a 6-year extension of the exemption.

Sept. 30—The Senate Judiciary Committee ends its hearings on the confirmation of Robert Bork after more than 120 witnesses testify; a vote on his confirmation is scheduled for October 6. President Reagan continues his campaign to support Bork.

Military

Sept. 16—In a report that was made public today, Department of Defense advisers inform Secretary of Defense Caspar Weinberger of widespread sexual harassment, discrimination and "morally repugnant behavior" toward women in the armed services in the Pacific area.

Sept. 18—Weinberger gives his approval to preliminary tests of space weapons systems that would become part of the SDI missile defense program.

Sept. 28—A production model Air Force B-1B bomber crashes when it hits a flock of birds.

Politics

Sept. 7—Civil rights activist Jesse Jackson announces his intention to file as a Democratic presidential candidate on Oct. 5.

Sept. 23—Senator Joseph Biden (D., Del.) announces that he is withdrawing from the Democratic presidential nomination race; he has admitted plagiarizing material in law school and his recent speeches.

Sept. 28—Representative Patricia Schroeder (D., Colo.) announces that she will not seek the 1988 Democratic presidential nomination.

Supreme Court

Sept. 8—In a television interview, Associate Justice Thurgood Marshall states that in his opinion, United States President Ronald Reagan's civil rights record "ranks down there with Hoover and that group. ...when we [blacks] really didn't have a chance."

VATICAN

(See also *Italy; U.S., Foreign Policy*)

Sept. 1—Pope John Paul II meets with Jewish leaders at Castel Gondolfo in Italy; they discuss the Pope's meeting in June with Austrian President Kurt Waldheim and efforts to improve Jewish-Catholic relations.

Sept. 10—The Pope arrives in Miami for the start of his visit to the U.S.

Sept. 16—At a gathering in Los Angeles, the Pope says that dissent from church teachings is a "grave error."

Sept. 19—The Pope concludes his visit to the U.S. after addressing a crowd in Detroit.

Sept. 20—The Pope stops in Canada and returns to Rome.

YUGOSLAVIA

Sept. 12—Vice President Hamdija Pozderac resigns; Pozderac's resignation is believed to have been triggered by a scandal involving the state-run Agrokomer conglomerate, which has issued an estimated \$900 million of worthless promissory notes.

BOOK REVIEWS

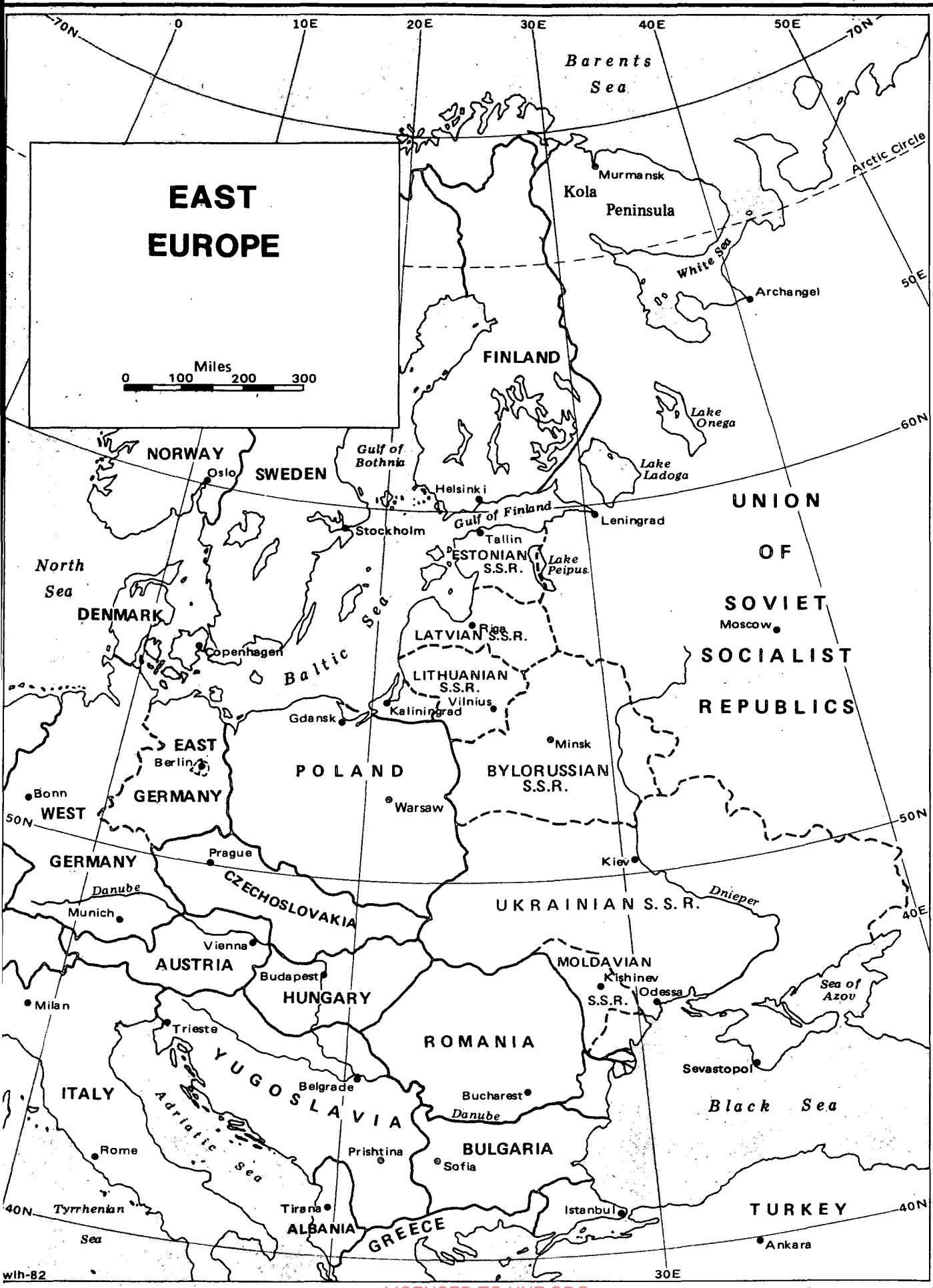
(Continued from page 382)

ENVIRONMENTAL MANAGEMENT IN THE SOVIET UNION AND YUGOSLAVIA: STRUCTURE AND REGULATION IN FEDERAL COMMUNIST STATES. By Barbara Jancar. (Durham: Duke University Press, 1987. 481 pages, notes, bibliography, indexes, \$55.00.)

A comprehensive, empirical study of environmental policy in two federal, one-party states, *Environmental Management in the Soviet Union and Yugoslavia* is not just a comparison of how successfully these two nations execute environmental management policy. Barbara Jancar uses the environmental problem as a barometer to compare the performance of these Marxist political systems in handling problems that are not necessarily economic in nature. Jancar concludes that the U.S.S.R. and Yugoslavia cannot carry out a functional environmental policy because of their inherent regulatory structure.

The potential for improved policy, says Jancar, lies in the implementation of the "autoregulatory" system, which gives the government an indirect, apolitical role in environmental management by combining economic incentives and self-regulation by industries. However, Jancar states that "it cannot be expected that an economic strategy based on autoregulation will be endorsed by the leadership. . . . Both countries must then make do with command regulatory structure, with its inevitable submission of environmental objectives to political and economic priorities." R.S.B. ■

STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION (Required by 39 U.S.C. 3685). 1. Title: CURRENT HISTORY. A. Publication No. 00113530. 2. Date of filing: September 29, 1987. 3. Frequency of issue: Monthly except June, July and August. A. No. of issues published annually: 9. B. Annual subscription price: \$27.00. 4. Location of known office of publication: 4225 Main St., Phila., Pa. 19127. 5. Location of the headquarters or general business offices of the publishers: 4225 Main St., Phila., Pa. 19127. 6. Names and addresses of publisher, editor, and managing editor: Publisher, Daniel G. Redmond, Jr., 4225 Main Street, Phila., Pa. 19127; Editor, Carol L. Thompson, 3740 Creamery Rd., Furlong, Pa. 18925; Managing Editor, None. 7. Owner (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 percent or more of total amount of stock): Current History Inc., 4225 Main St., Phila., Pa. 19127; Daniel G. Redmond, Jr., 4225 Main St., Phila., Pa. 19127; Shelby Cullom Davis, 70 Pine St., N.Y.C., N.Y. 10005; Vera N. and Daniel M. Redmond, 1642 Monk Rd., Gladwyne, Pa. 19035; Calvin P. Redmond, 5 West 20th St., N.Y.C. N.Y. 10011. 8. Known bondholders, mortgages, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages or other securities (If there are none, so state): None. 10. Extent and nature of circulation: A. Total No. copies printed (Net Press Run): (average no. copies each issue during preceding 12 months): 26,661; (actual no. copies of single issue published nearest to filing date): 26,837. B. Paid circulation: 1. Sales through dealers and carriers, street vendors and counter sales: (average no. copies each issue during preceding 12 months): 382; (actual no. copies of single issue published nearest to filing date): none. 2. Mail subscriptions: (average no. copies each issue during preceding 12 months): 24,051; (actual no. copies of single issue published nearest to filing date): 23,110. C. Total paid circulation (Sum of 10B1 and 10B2): (average no. copies each issue during preceding 12 months): 24,433; (actual no. copies of single issue published nearest to filing date): 23,110. D. Free distribution by mail, carrier or other means, samples, complimentary, and other free copies: (average no. copies each issue during preceding 12 months): 127; (actual no. copies of single issue published nearest to filing date): 127. E. Total distribution (Sum of C and D): (average no. copies each issue during preceding 12 months): 24,560; (actual no. copies of single issue published nearest to filing date): 23,237. F. Copies not distributed: 1. Office use, left over, unaccounted, spoiled after printing: (average no. copies each issue during preceding 12 months): 2,101; (actual no. copies of single issue published nearest to filing date): 3,600. 2. Returns from news agents: (Not Applicable). G. Total (Sum of E, F1 and 2—should equal net press run shown in A) (average no. copies each issue during preceding 12 months): 26,661; (actual no. copies of single issue published nearest to filing date): 26,837. 11. I certify that the statements made by me above are correct and complete. Signature and title of editor, publisher, business manager, or owner: D. G. Redmond, Jr., Publisher.



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